



# ***Daily Report***

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# **Latin America**

FBIS-LAT-94-184  
Thursday  
22 September 1994

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# Daily Report

## Latin America

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22 September 1994

**NOTICE TO READERS:** Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

An Ω indicates a Foreign Media Note.

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**Argentina Proposes Mercosur General Secretariat**  
*PY2209031594 Madrid EFE in Spanish 2257 GMT*  
*21 Sep 94*

[Text] Brasilia, 21 Sep (EFE)—Argentine Foreign Minister Guido Di Tella stated in Brazil's capital on 21 September that he was in favor of setting up a Mercosur [Common Market of the South] General Secretariat so that a supranational body could start administering this common market.

Di Tella pointed out that Mercosur is at present in a development stage that justifies the establishment of a general secretariat to take over the work each of the four member countries' Foreign Ministries has so far done and to coordinate the 13 task forces.

Di Tella underscored the importance of the talks Mercosur is conducting in order to establish an association with Chile and Bolivia.

Since its establishment in 1991, Mercosur has been run by a coordinating commission established in each member country (Argentina, Brazil, Paraguay, and Uruguay).

Di Tella, who participated in a meeting of the 24 African and Latin American countries whose coasts are washed by the South Atlantic, said that the headquarters of the Mercosur General Secretariat could be located in any of the four member countries' capitals.

He asserted that the centerpiece of Argentina's foreign policy is its alignment with the West and its special concern for its neighboring countries, especially its Mercosur partners.

The Argentine foreign minister went on to say that Argentina withdrew from the Nonaligned Movement to align itself with the West, with the United States, Europe, and Japan.

## Cuba

**PRENSA LATINA Reports, Details Farmers Market Decree**

*PA2109155294 Havana PRENSA LATINA in Spanish 0352 GMT 21 Sep 94*

[Text] Havana, 21 Sep (PL)—The creation of agricultural markets based on economic and financial self-initiative was announced on 20 September by means of a decree issued by the Council of Minister's Executive Committee and published in the official newspaper GRANMA.

The measure seeks to unleash the productive forces of the Cuban countryside, Agriculture Minister Alfredo Jordan said here, speaking to leaders of the agricultural sector and the Communist Party of Cuba.

The decree announces the opening of these markets nationwide beginning 1 October, although some experimental sales based on supply and demand had already been made.

The rules for the new businesses will bring together all agricultural producers, from state farms, cooperatives, and private farmers to labor centers that include self-sufficient areas, who may sell their surpluses at prices freely agreed upon among producers and consumers after having honored their contracts with the state.

Prior to the new measures, production under contract and surpluses had to be sold to the state, thus removing any incentive for increasing production.

Jordan pointed out that this year's national production of tubers and vegetables is estimated at 20 million quintals, compared to 33 million in 1991, although he admitted there is hidden production over which the state has no control.

The minister said that although such markets will not solve the masses' food problems overnight, they will assign significant trust in the cultivation of such products and will generate revenues for the state, which is facing a shortage of funds needed to pay for fertilizer, machinery, and irrigation equipment.

This sale process aims to encourage farmers and facilitate access to large cities, like Havana and Santiago de Cuba, where the income tax will be 5 percent, compared to 10 or 15 percent in less populated cities.

The decree states that local governments will oversee and control operation of these markets. It also establishes health regulations and specifies that payment of the sales tax will be made by these businesses. Rental space, stalls, and other commercial services will be offered for a fee.

The decree establishes limited access to products like potatoes, beef, horses, buffalo, fresh milk and other dairy products, tobacco, coffee, cocoa, or rice when these are the main products of farmers or farms going to market.

The agriculture minister explained that these restrictions might be lifted at some future date when these products become more widely available.

The system will have control mechanisms, including inspectors from the Ministries of Agriculture, Commerce, Interior, Public Health, and Finance. The worst violation will be noncompliance with the contracted amount. Violators will be fined in the same amount that was not complied with, at agricultural market prices.

The most important antecedents of the agricultural market were agricultural cooperatives formed in 1993 when large areas of state land were given for use to producers grouped into basic units of agricultural production.

In an interview published on 17 September by the official daily GRANMA, Army General Raul Castro, minister of the Revolutionary Armed Forces, emphasized the importance of the new markets for the country, saying that "if there is food for the people, the risks do not matter."

For many experts, the challenge will be maintaining a large enough offering, which will only be possible if all available land area is cultivated for the production of food.

**Decree 191 Defines Rules**

*FL2109173494 Havana Radio Rebelde Network in Spanish 1225 GMT 21 Sep 94*

[Decree Number 191 of the Executive Committee of the Council of Ministers, proclaimed in Havana on 19 September; from the "Doing Radio" program]

[Text] Because it has become necessary to increase levels of food production destined for public consumption, and so that all possible avenues are utilized, including offering the producers the possibility to assemble a broader market with unregulated prices and other economic incentives after complying with their obligations to the state;

Because in order to succeed in accomplishing the aforementioned, it has become reasonable to create and organize an institution to trade these products through a network of farmers markets, where the producers can assemble in an organized manner;

To that end, by the authority conferred on them, the Executive Committee of the Council of Ministers decrees the following about the farmers market [mercado agropecuario]:

Article 1. The farmers market is created as an entity that functions under its own economic and financial management. It is organized by the trade leaders of the Administrative Councils of the People's Government who will determine the number and location of the establishments in each municipality. It is intended for purchase, sales, and proffering of services so that the producers, or their representatives, can sell natural or man-made farm produce to the public.

Article 2. Produce that may be traded in the farmers market includes:

A. Excess contracted production. Contracted production is understood to be the necessary variety and quantities of products that are determined not only by the consumption levels of the population, hospitals, schools, and other social centers at the established prices, but also the quantities destined for export, tourism, industry, and seed production.

B. Noncontracted production; made up essentially of other products that do not form part of the producer's fundamental commercial production, or are produced in detriment to those products, and that are not usually supplied to the state collection agencies.

Article 3. The contracted produce will include a percentage of the planned production sufficient to guarantee, in the best possible manner, the provisions mentioned in Section A of Article Two, considering the needs of the large cities and especially of Havana above all. The ruling principle is that the more that is produced, the more that can be sold as surplus produce in the farmers market, once the basic necessities and societal obligations have been satisfied.

Article 4. The prices of products traded in the farmers markets will be freely set by sellers and purchasers.

Article 5. The farm produce vendors will be obligated to pay the established tax and other fees to the state for the use of the facility and services rendered.

Article 6. The Administrative Councils will supervise and control the functioning of the farmers market system in compliance with regulations dictated, independent of the attributions and specific functions corresponding to the state central administration organizations.

Article 7. The producer who, having the quantity to comply with the monthly contracted volume, does not comply, will be fined an amount equivalent to the value of the contracted volume calculated at the highest price of the farmers market at the time of the failure to comply. The fine will be levied by the authorities designated by the Ministries of Agriculture and Domestic Trade. These ministries will also designate those who will oversee the appeal process that will be established.

#### Final Provisions

1. The Ministries of Agriculture and Domestic Trade are empowered to regulate, by their authority, the assembly, organization and functioning of the farmers market system, and are further authorized to install other stipulations they consider necessary for successful adherence to this law.

2. The Ministries of the Revolutionary Armed Forces and Interior, and other branches of the central administration of the state corresponding to their particular area and by the authority of this decree will establish their own regulations to oversee the farmers market.

3. The dispositions of equal and inferior hierarchy contradicting this decree will not be applied to the tenants of this decree at its fulfillment.

4. This decree will become effective upon its publication in the official gazette of Cuba.

Proclaimed in the Palace of the Revolution on this 19th day of the month of September of 1994, year 36 of the Revolution.

Signed: Fidel Castro Ruz, president of the Council of Ministers; Alfredo Jordan Morales, minister of agriculture; Carlos Lage Davila, secretary of the Council of Ministers and its executive committee.

#### Jordan: Markets To Begin After 1 October

FL2109131294 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 21 Sep 94

[From the "NTV" newscast]

[Text] As of 1 October, farmers markets [mercados agro-pecuarios] will be established gradually throughout the country. This was confirmed to our correspondent Ana Maura Carbo, by Agriculture Minister Alfredo Jordan during a seminar held on the matter at the party's Nico Lopez High School in Havana. After meeting their monthly commitments to the state, the farmers markets will be open to nonsugarcane-producing Basic Cooperative Production Units [UBPC]; state farms and enterprises; Agricultural-Livestock Cooperatives; Youth Labor Army [EJT] units; and Credit and Service Cooperatives in representation of the their members or part of them. This market will also be open to small farmers and budgeted enterprises and units that produce agricultural products in their area for family consumption, and for those that cultivate in yards or parcels. Small farmers may go individually or may designate representatives to sell their products.

According to information received, the prices at the farmers markets will adapt to the laws of supply and demand, in other words, prior agreement between the buyer and seller. Products such as coffee, cocoa, beef and horse meat and their derivatives, citrus products subject to exportation agreements, pork and poultry from state farms, as well as rice from rice growing complexes are excluded from the market.

Until a balanced participation of the producers to the farmers markets in Havana City and Havana is achieved, the corresponding entities will directly link the state farms and enterprises, the nonsugarcane-producing UBPC's, Credit and Services Cooperatives, and EJT units from both provinces to specific farmers markets in those provinces.

In the other provinces, the same will be done in the capitals and other cities where it is required. The regulations for these farmers markets will be published tomorrow in the newspaper GRANMA.

#### Jordan on Details of Decree

FL2109133194 Havana Radio Progreso Network in Spanish 1100 GMT 21 Sep 94

[From the "First Thing" program]

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[Text] The farmers markets [mercados agro-pecuarios] that will begin 1 October should stimulate production, counter the black market, make possible an influx of products, and the population will have a new source for obtaining food. Agriculture Minister Alfredo Jordan explained details of the decree and its regulations that will permit the opening of the farmers markets. The markets will be free of excessive mechanisms that could limit the presences of farmers or hinder productivity. In the conception of the farmers market the need to guarantee product volumes for consumption by the population, export, tourism, industry, and for the production of seeds have been kept in mind. Trading will be possible for products that exceed the production contracted to the state and prices will be established freely between buyer and seller. Enterprises, state farms, Basic Cooperative Production Units except those producing sugarcane, agricultural cooperatives, Youth Labor Army farms, small farmers, budgeted enterprises and units that are self sufficient, areas of family self-consumption production, and those that farm in small plots and yards will be allowed to sell at these farmers markets.

The prices of the products that will be commercialized at the farmers markets will be accorded freely between buyers and sellers, as per the decree that regulates these new markets that will operate based on their economic and financial self management. Today, GRANMA publishes the decree which states that product vendors will be obligated to pay the state the established tax and other payments for use of space and services rendered. The supervision and control of the farmers markets system will be in the hands of the administration councils, according to the regulations established, independently from the specific attributions and functions that correspond to organizations from the central administration of state. The decree states that the farmers markets will commercialize products exceeding the state's contracted amounts destined, not only for consumption by the population, hospitals, schools, and other social and work centers, but also those destined for export, tourism, industry, and for the production of seeds. The decree warns that farmers who do not satisfy contracted production will be fined. The joint resolution from the ministries of agriculture and domestic trade states that cow, horse, buffalo, mule, and donkey meats, fresh milk, coffee, tobacco, cacao and its derivatives, and rice from rice complexes cannot be sold at these markets. However, farmers and other independent producers will be allowed to sell rice after they have satisfied their contracted production.

#### **'Complete Text' of Resolution**

*FL21092/1494 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Sep 94*

[From the "National Radio News"]

[Text] We now offer the complete text of the joint resolution of the Ministers of Agriculture and Domestic Trade on the farmers markets.

Because Decree 191 of 1994, dated 19 September, creates the farmers market [mercado agropecuario] empowering, in its final provision, the ministers of agriculture and domestic trade to regulate, by their authority, the assembly, organization, and functioning of the farmers market system, it is therefore the responsibility of the ministers of agriculture and domestic trade to establish the stipulations to be met by the producers in order for them to participate in the farmers markets, and the regulations that guarantee contracted interaction with commercial entities of agricultural-livestock products.

Therefore, exercising the authority and functions with which we have been empowered, we establish the regulations for participation in the farmers markets:

Article 1. Participation in the farmers market will be based on fulfillment of the monthly contracted amount and the total of noncontracted production. The contract will be established, based on a percentage—to be determined on a case-by-case basis—of production possibilities, the same as or superior to those already existing for selected producers in each province. These products will be introduced by the provincial delegates of the Ministry of Agriculture and the provincial directors of trade, and will be approved by the provincial Administrative Council, leaving the balance to be sold in the farmers market.

Article 2. The variety and volumes of products to be moved among provinces and other prioritized destinations will be determined in each province by those who establish the contracts, and must be strictly met. Overproduction of the contracted amount of potatoes will not be included in the farmers market and will be purchased by the commercializing entity at the freely established prices.

Article 3. Cow, buffalo, horse, mule, and donkey meats, fresh milk, coffee, tobacco, and cocoa, as well as their derivatives, and the rice from the rice complexes, which will be contracted to the state in their entirety, are excluded from being sold in the farmers market. Those responsible [resuelsen] for these products can authorize their sale in selected provinces and during periods when it is advisable to do so because of existing conditions.

Article 4. It has been established for producers of specialized crops that as a basic requirement, to be able to participate in the farmers market with their secondary products, they will be able to do so only in compliance with the regulations established for that purpose by the corresponding ministers.

Article 5. State farms and enterprises, non-sugarcane producing Basic Cooperative Production Units [UBPC's], Youth Labor Army [EJT] farms, agricultural-livestock cooperatives, credit and service cooperatives—representing all or a portion of their members—small farmers, budgeted enterprises, and units that produce agricultural goods in self-sufficiency areas, producers of goods in areas set aside for family self-sufficiency, and producers of goods in yards and on small plots may participate in the farmers markets.

Article 6. State farms and enterprises, UBPC's, CPA's, EJT farms, credit and service cooperatives, and the enterprises and units that produce for self-sufficiency must designate their representing vendors to participate in the farmers markets. Small farmers may participate individually or designate their representing vendors. Producers in areas designated for self-sufficiency or on small plots must participate individually.

Article 7. The authorization to sell in the farmers market will be issued by the enterprise or entity that contracted the products from the producers.

Article 8. People who are legally authorized to attend the farmers markets may sell their products in any installation of this type on the national territory.

Article 9. The enterprises or entities purchasing agricultural- livestock products are obliged to fulfill the purchasing and selling contracts according to the stipulations in the present resolution and other applicable resolutions.

Transitory Provision: Until the producers' participation in the farmers market is stabilized, provincial delegates of the Ministry of Agriculture and the provincial directors of trade, with the approval of the provincial administrative councils, may assign state farms and enterprises, CPA's, UBPC's, EJT farms, credit and service cooperatives, and small farmers from the provinces of Havana and Havana City to specific farmers markets in the aforementioned provinces.

The same will be done in the other provinces, with the producers mentioned in the paragraph on farmers markets in provincial capitals and cities where it is necessary.

Signed: Alfredo Jordan Morales, minister of agriculture; and Manual Vila Sosa, minister of domestic trade.

#### **Raul Castro Endorses Applying Law of Supply, Demand**

PA2209014794 Havana PRENSA LATINA in Spanish  
2356 GMT 21 Sep 94

[By Elsy Fors]

[Text] Havana, 21 Sep (PL)—General Raul Castro Ruz, minister of the Revolutionary Armed Forces, today called for breaking the norm and applying the law of supply and demand, which according to him will lead to increased food production.

The second secretary of the Cuban Communist Party, speaking to party leaders in the capital about agriculture and trade, reiterated concepts contained in an interview published Monday about strategies in that sector, and he said the system of farmers markets based on economic and financial self-management "cannot fail."

The farmers market created by Decree 191, which was published in the official newspaper GRANMA today, is different from the previous peasants' free market of the 1980's in that all farmers, including state farmers, will be

able to sell their products under the new system. Only private farmers were able to sell their products in the previous market.

We have to utilize all of the lands that are not being cultivated today, regardless of their owners, and there are many, Castro said. He even said products that cannot be sold in the market for the time being—products such as fresh milk, certain meats, tobacco, coffee, and cocoa that come from specialized farms—will have access to these markets at certain times of the year and in certain areas of the country.

He said the authorities will not be too idealistic, thinking that the farmers markets will be a magical solution that will resolve all problems.

There will be misunderstandings and violations of the new regulations, but to deal with this, he called on all forces to unite and support the new measures in an integral and flexible manner.

Speaking about the excess cash that will be collected with the creation of the farmers markets, Raul Castro said that even though the measure has not yet been implemented, the increase in the price of certain products, such as alcoholic beverages, cigarettes, and tobacco, have removed about 1 billion pesos from circulation.

That is why, he said, money will soon become scarce among consumers who will feel the need to work more. He predicted the new measures will be successful, "if we are creative and flexible, and if the characteristics of each region are taken into account."

Raul Castro warned against the old habit of starting to work hard on one task and then leaving it to undertake a new one, and he called for the waging of simultaneous battles, as was done in the 1960's.

Finally, he addressed peasants, noting that the revolution's commitments to that sector have been met or exceeded, and now the revolution expects farmers to meet or exceed their commitments to the country.

#### **Discusses Farmers Markets**

PA2209041694 Havana Radio Havana Cuba in Spanish  
0000 GMT 22 Sep 94

[Report by Mario Munoz from the "Evening Information Review" program; passages within quotation marks are recorded]

[Text] Cuban Vice President Raul Castro talked about the need to review new concepts and thus put them into practice. He made this statement at the conclusion of a meeting with leaders of the agriculture sector for the implementation of the farmers markets in the various provinces of the country.

[Castro] "We have to learn new concepts. Let us fight against our own deficiencies and not against the deficiencies of others; this is the best way to start. I propose this idea to you because the most important thing I want to say here today is that this plan cannot fail. We are not

going to be idealistic, thinking that starting on 1 October everything will be resolved and products will start appearing like magic.

"We will face many difficulties, misunderstandings, and violation of regulations, but in order to deal with these problems—as we have said on previous occasions—we must join forces and cooperate with you and with the organizations of the state's central administration. We need more responsibility in this activity [words indistinct] at the Agriculture and Domestic Trade Ministries so that you can perform your duties well.

"As we said recently, we are involved in a gigantic operation which involves several battles because it comprises many simultaneous battles, and this is one of the most important."

As for the participation and support of the four armies of the island in creating and operating the farmers markets, Castro, who is also minister of the Revolutionary Armed Forces [FAR], said:

[Castro] "[Words indistinct] establishing the markets as one of the final resolutions of the decree. It establishes the appropriate regulations governing the participation of the FAR, the Interior Ministry, and other state organizations in the farmers markets. Not only that, our participation [words indistinct] working on the guidelines that will be sent to the Army chiefs, all four of them, including the EJT [Youth Labor Army], which is present in the entire country.

"What assistance can we give them, especially the provincial and municipal authorities when it comes to the implementation and subsequent control of the farmers markets? We can provide assistance at least during the initial moments until the farmers markets are totally capable of operating on their own. The guidelines will be [words indistinct] to each Army in the provinces, in their territory with their president, with their administrative council, and party secretary. These guidelines will clearly establish what assistance they need and what we can give them. We are talking about the assistance we can provide in the implementation of measures necessary for helping you in this important activity."

The flexibility of the decree in the creation of the farmers markets facilitates the adoption of changes in regulations that may be required, depending on the circumstances and location. In this regard, the Cuban leader said:

[Castro] "Life will determine what measures we have to take. One of the final provisions of the decree empowers both ministers to take measures. They can, in turn, empower the provinces and the municipalities to take the measures. They can also empower the administrative councils and other entities involved in this activity, because the country is not uniform. We do not have two similar municipalities, let alone two similar provinces. The decrees are flexible. We do not need to look for the decree every time the Executive Committee and Council of Ministers meet. Making use of that flexibility, you, at the provincial and municipal level, will be able to be

creative. The joint resolution itself states that the products that do not have access to the market, such as coffee, cocoa, rice produced in the (?keys), rice produced by each farmer, cattle, the various kinds of cattle, can at certain times of the year and in certain parts of the country have access to the markets."

Raul Castro said the creation of the farmers markets is one of the measures taken by the Cuban Government to reorganize the country's financial situation. He said the first regulations have already yielded good results.

[Castro] "I can say that we have already taken more than 1 billion pesos out of circulation. I am talking about 1 billion pesos. Cigarettes and rum play a fundamental role. Money will be scarce, and taxes will have to be paid. Consumers will feel the need to work more, but they have to persevere, observe, and be brave, flexible, and creative depending on the characteristics of the area. We cannot attempt to apply something on the national level. The two ministers will be able to make the measures more flexible depending on the area, territory, local differences, the time of the year, and so on. All of this will depend on the interest we have in this task, regardless of what happens around the country. In these last two months, certain events have taken place, and we continued working. I hope and want to be sure that you will work well. We will always support you."

#### **ANAP Leader Comments on Farmers Market Resolution**

PA2109230194 Havana PRENSA LATINA in Spanish  
1843 GMT 21 Sep 94

[By Elsy Fors]

[Text] Havana, 21 Sep (PL)—The farmers market system will help pay the debt the agriculture cooperatives owe to the Cuban state, approximately 100 million pesos (equivalent to the same amount in dollars, according to the official exchange rate).

Orlando Lugo Fonte, president of the National Association of Small Farmers (ANAP), made this statement today to a group of journalists. He added that the market, established to ensure economic and financial self-sufficiency, should help motivate productive agricultural forces.

Regarding Decree 191, which was published today in the official daily newspaper GRANMA, Lugo Fonte said that the new system differs from the previous peasant free market (which operated in the 1980's) because it is not intended just for small farmers.

He said all farmers can participate, including state farms and self-sufficient areas at agricultural production centers.

Lugo Fonte stressed that the creation of these markets will reduce theft and speculation linked to the sale of food. He said that it will have a moral and economic impact on criminal activities.

Regarding prices, he predicted that the price of rice, a basic product in the Cuban diet which has been selling for 45 or 50 pesos per pound on the capital's black market, should go down to three or four pesos per pound due to an increase in the supply of rice.

With regard to cooperatives and farms that specialize in certain crops or cattle farms and will not be able to market their main products, Lugo Fonte said there is a plan to compensate them financially for any surpluses greater than what was spelled out in their state contracts at the prices prevailing in the farmers markets.

Lugo Fonte stated that the creation of these new markets is part of the measures adopted to increase substantially agricultural production, particularly food products. These measures are viewed as having the highest priority for the survival of socialism in Cuba.

#### **Foreign Ministry Condemns U.S. Intervention in Haiti**

PA2109180194 Havana PRENSA LATINA in Spanish  
1653 GMT 21 Sep 94

[Text] Havana, 21 Sep (PL)—Cuba today vigorously condemned the U.S. military intervention in Haiti and alerted the public to the dangers that actions of this nature represent for international peace and security.

A communique issued by the Cuban Foreign Ministry maintains that the U.S. invasion is occurring at the end of President Jean-Bertrand Aristide's mandate and that his return to power can do little to compensate for the democratic rights taken away from the Haitian people.

"There is no doubt, however, that we are facing a modern and sophisticated version of gunboat diplomacy, under the auspices of the United Nations, that despite not being bloody is still illegal and dangerous," the document stated.

Cuba has always supported the restoration of democracy and constitutional order through the return of President Aristide and has rejected attempts to resort to force as a way of settling this domestic Haitian conflict, it points out.

Within that context, the document adds, the Cuban Government duly denounced a UN Security Council decision to deploy an international force to intervene in the Haitian crisis.

Since then, we have witnessed maneuvers that helped the United States achieve its goals and impose a so-called peaceful solution in a country occupied by 10,000 soldiers, aircraft carriers, and thousands of sophisticated weapons, the document states.

The Democratic administration, the communique adds, needed a military intervention to bolster U.S. hegemony and its image as a strong leader. This is being achieved without running the risk of confronting a hostile public through a bloody armed intervention.

The Cuban Foreign Ministry's statement pointed out that this was supposed to be a multinational intervention

organized under UN auspices. But we saw that it was the United States that negotiated unilaterally with the military hierarchy.

Cuba rejects the use of the Security Council to cover up the meddlesome nature of measures of this sort that violate the basic principles of the UN Charter and international law, the note adds.

"We firmly oppose this kind of flagrant intervention in the domestic affairs of a sovereign state and alert world opinion to the dangers that actions of this nature represent to international peace and security," the document said.

#### **U.S. Senate To Request End to Haiti Embargo**

FL2109184394 Havana Radio Rebelde Network in Spanish  
1700 GMT 21 Sep 94

[From the "National Radio News"]

[Text] The United States Senate will request the government to unilaterally lift the embargo on Haiti today, while a poll reaffirmed the increase in popularity of President William Clinton due to the invasion of Haiti.

Aside from agreement on the lifting of the embargo on Haiti, the legislators are demanding the withdrawal of U.S. troops from Haiti and at the same time praising the mission of former president James Carter. Meanwhile, the Haitians are beginning to ask what peace the occupying U.S. troops can impose since, with or without an invasion, the local military are continuing to prey on civilians. At least four victims have been killed by Haitian policemen and soldiers since 19 September when the operation began under the impassive gaze of the invaders who say they have orders not to intervene in local conflicts.

Deposed President Jean-Bertrand Aristide, unhappy with the agreement reached on 18 September between the Haitian military junta and the United States, wants the invading troops to disarm the Haitian Armed Forces, according to his advisers. However, President Bill Clinton's advisers are asking Aristide to have patience and wait for the situation to develop.

#### **PRENSA LATINA Questions U.S. Motives in Haiti**

PA2209015694 Havana PRENSA LATINA in Spanish  
2104 GMT 21 Sep 94

[Article by Francisco Urizarri: "Support for Democracy or the De Facto Regime?"]

[Text] The U.S. military occupation of Haiti, which is being carried out under the guise of "support for democracy," has failed to stop the repression of the de facto regime so far, according to reports from that Caribbean country.

On Monday and Tuesday, when foreign troops landed and took up positions in Port-au-Prince and Cap-Haitien, thousands of Haitians who over the past three years

had their right to demonstrate curtailed, went into the streets, thinking they would find support from the U.S. troops.

The Haitians, however, were greeted by the nightsticks of policemen, steel bars of paramilitary groups, and shots and blows from Army troops. Meanwhile, the foreign troops, who were following orders not to meddle in internal conflicts, painstakingly watched these events unfold.

This situation, which elicited harsh criticism, runs counter to expectations fostered by the propaganda disseminated by Washington, which claimed that its objective is to democratize Haiti.

In fact, some U.S. soldiers seen yesterday on television decried the fact that they had to witness the excessive repressive force used against defenseless citizens who were only shouting cheers for constitutional President Jean-Bertrand Aristide and applauding the occupation forces.

The initial toll of one dead and six injured demonstrates that the first hours of the "democratization" are a carbon copy of the three years of terror unleashed by the coupist military leaders who overthrew Aristide on 30 September 1991.

The scenes, relayed by dozens of videographers, are being aired by television stations worldwide.

Demonstrators responded in kind to the Haitian Army's attempts to quell the pro-Aristide demonstrations with gunshots and blows by throwing stones at the soldiers, who hurled them back at the people.

For democratic sectors in this Caribbean nation, the situation is absurd and increases the fear that the agreement reached between the U.S. mission headed by former President Jimmy Carter and the de facto regime lacks many things and might create more problems than it resolves in terms of the country's institutionalization.

The fact that the agreement does not commit the coupist leaders to leave Haiti or to change a military hierarchy that is responsible for numerous crimes appears to demonstrate that the accord has only served to improve the languishing image of President Clinton and to keep the Haitian people in anxiety.

#### **Government Signs Nuclear Security Convention Document**

*FL2109202094 Havana Radio Rebelde Network in Spanish 2300 GMT 20 Sep 94*

[Report by correspondents Lucy Jisper and Jorge Petino; from the "Exclusive" program]

[Text] [Jisper] Cuba signed a document today in Vienna, Austria, at the 38th conference of the International Atomic Energy Agency. I invited my colleague Jorge Petino to speak to us on the importance of this agreement.

[Petino] The countries that sign the document of the nuclear security convention voluntarily commit themselves to taking steps based on [words indistinct] nuclear warfare. This is done without surrendering their national sovereignty. With these measures, they intend to recover the credibility lost following accidents such as the one in Chernobyl and the [words indistinct]. In other words, they make world commitments to nuclear security.

[Jisper] Yes, Jorge, this meeting has great importance to us because we are trying to get a nuclear power plant operational. I wanted to ask you—what has happened with the Juragua power plant?

[Petino] The work was temporarily halted. It is being maintained. We have been negotiating with possible third parties, to complete the project. I want to say that in various parts of the world there are people interested in these types of business deals, and I believe that an association will be established not too far in the future.

#### **Mexico's Tello Visits Finlay, Genetics Institutes**

*FL2109122494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 21 Sep 94*

[From the "NTV" newscast]

[Text] This morning, Mexican Foreign Secretary Manuel Tello toured the Genetics and Biotechnology center and the Finlay Institute. The visitors learned about the work that is carried out at these centers and its worker's achievements, which are a sample of the success attained by Cuban sciences worldwide. Afterwards, official talks resumed between the delegations of the two countries. At the conclusion of those meetings, Manuel Tello and Cuban Foreign Minister Roberto Robaina discussed issues of mutual interest in an atmosphere of cordiality and sincerity which characterizes the relations between out peoples. Minutes later, Tello met with representatives of the accredited diplomatic corps in Havana.

Later in the afternoon, Manuel Tello participated in the inauguration of a seminar entitled: "Raul Roa in the United Nations." The seminar is held on the occasion of the United Nation's 50th anniversary. Tello later visited the city's museum where he received a medal as Havana's guest of honor.

#### **Tello's Activities Reviewed**

*FL2109153094 Havana Radio Rebelde Network in Spanish 2300 GMT 20 Sep 94*

[From the "Exclusive" program]

[Text] A report from PRENSA LATINA indicates that Mexpetrol of Mexico and Cupet of Cuba have established a joint enterprise to exploit the largest refinery on the island, the Cienfuegos refinery. The refinery's production will be destined for the domestic market and for export. The decision to form this enterprise was made during the sixth meeting of the Cuba-Mexico Intergovernmental Commission, which concluded today with the participation of Mexican Foreign Secretary Manuel Tello.

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On 19 September, Tello was received at the Palace of the Revolution by Cuban President Fidel Castro, with whom he met once again during a reception at the Mexican Embassy in Havana.

Just minutes ago, Foreign Secretary Tello held a news conference in which he talked about the important agreements signed by Cuba and Mexico as well as the general results of the official visit to our country, which concludes today. Among the agreements reached is the joint enterprise between Mexpetrol and Cupet, which represents an investment of \$200 million. He talked about the final act of the 14th meeting of the Joint Commission for Scientific-Technical Cooperation. He discussed [words indistinct] for the extension of visas for diplomatic passports as well as the final act of the intergovernmental commission. Tello stated that Mexican investments in Cuba currently exceed \$1 billion.

During his stay in Cuba, Tello has met with Commander in Chief Fidel Castro and with his Cuban counterpart Roberto Robaina. He chaired the sixth meeting of the joint commission and met with Ricardo Alarcon, president of the National Assembly of the People's Government, Carlos Lage, executive secretary of the council of ministers, and Roberto Melendez. Tello also participated in a panel discussion at the Cuban association of the United Nations and was declared guest of honor in Havana City.

#### Comments on Results of Visit

PA2109135094 Havana PRENSA LATINA in Spanish  
0033 GMT 21 Sep 94

[Text] Havana, 20 Sep (PL)—Mexican Foreign Secretary Manuel Tello Macias appeared pleased today with the results of his visit to Cuba, during which four agreements were signed. This was evidence of the fact that bilateral relations have thus been broadened, strengthened, and extended.

Tello said this during a news conference in which he explained the extent of the agreement between Mexico and Cuba to process hydrocarbons in a Cienfuegos refinery, approximately 300 km east of this capital.

The project's total investment will reach \$200 million. Cuba, represented by the Cupet company, will retain 51 percent of the shares, while the Mexican consortium Mexpetrol will hold the remaining 49 percent, the high-ranking official explained.

The Cuban foreign debt with that nation will be discounted from the price of the shares purchased by the Mexican consortium until the entire \$340 million debt is paid.

Other agreements mention the signing of the final act of the Sixth Meeting of the Mixed General Intergovernmental Cuba-Mexico Commission. This act will regulate a series of bilateral ties, an agreement on scientific-technical cooperation, and an accord eliminating the visa requirement for diplomats from both nations.

Tello termed fruitful the work carried out during the two-day visit to the island. He expressed his satisfaction with the meetings with Cuban President Fidel Castro, Foreign Minister Roberto Robaina, Parliament President Ricardo Alarcon, and other ministers.

The chief of Mexican diplomacy disclosed that his country and Cuba are also discussing transportation and joint production of glass. He affirmed his confidence that an agreement can be reached soon.

On political issues, Tello emphasized that points in common between Cuba and Mexico on diplomatic issues are manifest in the fact that 86 percent of these countries votes coincide in the United Nations and other international forums.

Commenting on the upcoming UN General Assembly sessions, he indicated that his country and Cuba will defend projects that reflect their common interests.

#### Four Cooperation Accords Signed

PA2109162094 Havana PRENSA LATINA in Spanish  
0404 GMT 21 Sep 94

[Text] Havana, 21 Sep (PL)—Political, economic, and scientific-technical cooperation between Cuba and Mexico have new impetus following the end of a two-day meeting during which bilateral relations were reviewed.

The agreements were reached on 19 and 20 September, the last two days of the Sixth Cuban-Mexican Intergovernmental Mixed Commission Meeting, which coordinates the broad spectrum of relations between the two Latin American nations.

The final document, issued at the end of the meeting, states that relations between both countries are currently at the highest level, thanks to the political determination of their governments' leaders, who have been particularly interested in strengthening the historical ties of friendship and cooperation.

At the signing of the four agreements, Mexican Foreign Secretary Manuel Tello Macias and Cuban Foreign Minister Roberto Robaina stressed the high level of understanding and cooperation achieved between the two countries.

The Mexican consortium Mexpetrol and the Cuban enterprise Cupet will create a joint enterprise for the exploitation of the Cienfuegos Oil Refinery, located approximately 340 km east of Havana, an operation that will greatly benefit both countries.

With this agreement, Cuba has secured its supply of oil by-products at low cost for its internal economy during a time of critical shortage and will thus put into operation a refinery that has been virtually paralyzed.

Mexico benefits from the use of installations ready to produce high-quality oil by-products, most of which will be sold on the Cuban domestic market.

Experts consider this the most important economic agreement signed with Mexico since an agreement signed

in June creating a joint enterprise to improve telephone services on the island with an investment surpassing \$1.5 billion over a six-year period.

Cuba and Mexico also signed the final document of the Sixth Cuban-Mexican Intergovernmental Mixed Commission General Meeting, a general agreement for scientific-technical cooperation and another document eliminating visa requirements for diplomats from both countries.

The Mexican foreign secretary's visit was also an opportunity to review political relations in general with Cuban President Fidel Castro, Foreign Minister Robaina, and Ricardo Alarcon, president of the National Assembly of the People's Government.

The visitor was satisfied with the results of those meetings and stressed the similarity between Mexican and Cuban positions in the United Nations and international organizations, where voting by the two countries coincides on 85 percent of the issues.

Tello also met with Cuban Vice President Carlos Lage; Jose Ramon Fernandez, vice president of the Council of Ministers; and Ernesto Melendez, minister of foreign investment and economic cooperation, with whom he confirmed the broad prospects for economic cooperation and the exploitation of joint enterprises.

With the new oil agreement, Mexico has increased its investment in the island to more than \$1 billion, while Cuban authorities will completely cancel a \$340 million debt with Mexico.

#### **Envoy to Ukraine 'Concludes His Mission'**

*FL2109134994 Havana Radio Progreso Network in Spanish 1100 GMT 21 Sep 94*

[From the "First Thing" program]

[Text] Ukraine's President Leonid Kuchma has stated his country's interest in strengthening relations with Cuba. Kuchma made these statements during his meeting with Diogenes Hernandez, Cuban ambassador, who concludes his mission in the second most important republic of the now extinct Soviet Union.

#### **Article Assesses 'Illegality' of U.S. Embargo**

*PA2109223994 Havana PRENSA LATINA in Spanish 0918 GMT 19 Sep 94*

["Exclusive" article by Jose Peraza Chapeau, PRENSA LATINA contributor and director of the Legal Department of the Cuban Foreign Relations Ministry: "The Blockade and Changes in Cuba"]

[Text] Havana—Demands by other Latin American governments calling on Cuba to make domestic changes not only comprise meddling in Cuba's internal affairs—affairs which, according to the principle of self-determination, only concern the Cuban people—but these also violate the precepts endorsed in documents that prevail in the area because of their acceptance by states in the hemisphere.

These changes are expected to be implemented by following patterns created by other countries that claim to be democratic, as if democracy were not the expression of each nation's sovereign right to choose. Such changes must be based on the nature and historic experience of each nation, and they should correspond to that nation's own system, regardless of the considerations of other nations.

There are no unique formulas for democracy, and it is impossible to transfer political organization models from one country to another. Therefore, it is not up to regional or international organizations to set themselves up as judges to evaluate the government or system of any nation or to determine whether a government suits goals and principles decided from abroad.

Accepting such mechanisms would be tantamount to authorizing certain countries to make decisions on matters that fall under the sovereignty of others.

Article 3 of the OAS Charter, Subparagraph B, establishes that "international order is based on the respect for the individuality, sovereignty, and independence of the states....," while Subparagraph C says, "all states are entitled to choose, without outside interference, their political, economic, and social systems; to organize themselves however they deem best; and are obliged to refrain from intervening in the affairs of another state."

This same binding regional document stipulates in Article 12 that "the state has the right to... organize itself as it deems best....," and in Article 18 it says, "no state or group of states has the right to intervene directly or indirectly, for whatever reason, in the domestic or external affairs of another state." This article adds that in light of this principle, the use of armed force is unacceptable, as is "any other form of interference or any action that constitutes an attempt against the state and the political, economic, and cultural aspects that constitute it."

International law and one of its basic instruments, the UN Charter, both honor the previously outlined principles as the foundation for behavior within the international community.

The UN Charter highlights the independence of states by stressing the organization is based on the principle of sovereign equality and that none of its provisions condones "intervening in matters that fall basically under the internal jurisdiction of the states" (Article 2).

The U.S. blockade against Cuba constitutes a unilateral act through which the United States is seeking to impose its will on the Cuban nation, and the UN General Assembly has acknowledged the illegitimacy and illegality of the blockade. The U.S. blockade is an illegal act within the international community, and it is an act for which the United States is responsible, because it constitutes a violation of international law.

Consequently, an illegal act—the blockade, which constitutes a violation of international law—cannot be compared with legitimate actions undertaken by a state

employing its sovereign rights. In addition, a state cannot be required to change the political system it has chosen as a condition to ending the violation. This would be no different than putting the executioner and the victim on the same level, or asking the victim to yield to the aggressor to stop the aggression.

By demanding that Cuba implement internal changes, an international criminal act and a legitimate act are being put on the same level, because only the Cubans are entitled to decide whether they should change or keep the system and government they have chosen. To demand that the Cubans change their government to lift the blockade not only constitutes another violation, because it is meddling in Cuba's internal affairs, but it also is an attempt to legitimize and help the blockade in accomplishing its goal—namely, that of imposing foreign whims on the Cuban nation.

Cuba stands out as the only country in the world that has been subjected to an economic, commercial, technical, and cultural blockade for more than 30 years. This is not only illegal, but a moral affront and a flagrant violation of the rights of an entire nation to isolate it, to subject it to scarcity and hunger, and to destabilize it.

It is clear that the political system, the forms of government, and the election mechanisms that ensure the true and effective participation of the people in the political arena constitute the sovereign decision of each nation and are determined by the traditions, experiences, aspirations, and the history of each nation.

### Second Part of Interview With Culture Minister

PA2109152194 Havana PRENSA LATINA in Spanish  
1209 GMT 18 Sep 94

[Second of two-part "exclusive" interview with Culture Minister Armando Hart by Jose dos Santos, PRENSA LATINA contributor and vice president of the Union of Cuban Journalists, in Havana; date not given]

[Text] Havana—Using the sharp scalpel of history, the seasoned Cuban leader dissects fallacies and specious legends woven by a powerful propaganda apparatus and designed to plunge those willing to struggle for a better world into submissive fatalism and inaction.

In part two of this interview, the minister evaluates campaigns waged against his country. These campaigns have even come face-to-face with the ideology of Jose Marti, Cuba's national hero. The minister analyzes the characteristics of and the threat posed by unipolar hegemony shielded by international institutions.

Armando Hart also discusses national identity, universality, and the type of civilization to which humankind should aspire. Hart is a historical leader of the Cuban revolution who is calling for permanent renewal, as befits a responsible revolutionary.

He has called on the people "to acknowledge the moment in which we are living by expounding creative

ideas and initiatives" and "to do this with cohesion, audacity, and creativity." The following are some of his most current thoughts.

[Dos Santos] This campaign against Cuba—that ignores the past in depriving the present of its values and thus dooms future efforts to failure—how does it work?

[Hart] Some have said that Marti's ideology is made up of impossible dreams. This argument mirrors much immorality.

It is ethical to struggle for man's liberty and equality. One could say these are impossible goals because they are difficult to reach, but he who does not struggle for them is not a real human being.

These principles did not emerge with Karl Marx. They are from the days of Christ, even before Christ. These are the principles of human redemption and equality among men. Christ proclaimed them by saying: "Love one another." Marx called for an end to the exploitation of man by man.

Marti's concept of equality cannot be said to be an impossible dream. Rational and scientifically inclined minds could reach this conclusion, but man, in addition to being a reasoning animal, must love his fellow human beings and aspire to their equality.

Those who say that Marti's ideals are an impossible dream are laying the groundwork for the destruction of society's ethics. Ethical principles must have history as their basis, even in Cuba. A people that denigrates its own history will have no morale.

History is not just what is in the past. I think that history includes the past, the present, and plans for a future. Without these projects, there can be no humanity as we understand it.

This plan has been lost in today's world. Christian and religious ideas have eroded as the centuries pass. They do not have the ideological strength they once had. Those ideas were conservative, but they had a coherence that has been very much weakened.

Socialism's notion of progress, its aspirations for a better world, for a renewed world, have also declined as a result of the collapses socialism has suffered and of the mistakes that were made.

This is why I contend that a vulgar and gross type of materialism has won in both the East and the West. This is why I believe capitalism has lost its ethical impetus, which would be the basis for the civilized coexistence that humanity needs to resolve today's problems.

[Dos Santos] What can be done to face the challenges of today's society?

[Hart] The United Nations and the Security Council are the ceiling of the institutional and sociocultural system of modern society. When the Security Council adopts arbitrary decisions using excessive power and pushed by U.S. interests, it is propelling the system into crisis.

Mankind has been creating values throughout history. Some of these values are the self-determination of the states and national identity. Now, on behalf of a superior civilization, the people are being asked to make sacrifices for progress. At this moment in the world's cultural evolution, this is not possible.

On behalf of a superior civilization, the European conqueror extinguished and crushed the essential substance of the American Indian culture. The wounds opened by the Iberian conquistadors are still bleeding.

In my opinion, the world cannot be governed from one pole that is infused with the soul of a conquistador. Countries' participation in the Security Council must be expanded; participation in international life must be expanded to save the world.

[Dos Santos] What is the outlook and the path for Cuban society?

[Hart] The eye of the post-modern hurricane has three categories in confrontation: identity, universality, and the rights of a superior civilization. These categories exist in Cuba too.

We need intense economic and cultural relations. We do not want and cannot afford to avoid them. We cannot withdraw into a shell and disappear. Some things, like tourism, may challenge our identity, but renouncing tourism would be as superfluous as surrendering to tourism. A balance must be found.

The interrelation of economic laws with superstructural factors has created a new situation. In implementing the Marxist system during the past 30 or 40 years, a theoretical error was made when the economy and the superstructure were viewed as unrelated factors. Friedrich Engels (German philosopher who, together with Marx, drafted the theory on socialism and communism) cautioned against this error in the 1890's.

In the modern sense, there is no economy without a cultural, ideological, and legal superstructure, in the same way that in the last century there would have been no liberation movement in America had there not existed ideas and concepts that Simon Bolivar (the military chief of the South American wars of independence against the Spanish metropolis), Marti, and other thinkers, embodied.

A reductionist vision of Marxist thought led to a simplification of the problem and the failure to understand that intellectual, spiritual, and cultural life also has a materialistic basis. They form part of a series of mutual reactions.

In our country we must take care of the superstructure, the institutional system, and democratic participation. Fidel has cautioned that economic decisions cannot be technocratic. The people's problems cannot be resolved without linking these two factors I have mentioned.

Whatever ideas emerge in the future will have to comprise, without accepting Marx as a god, his thoughts,

although perhaps not the way they were assumed in Europe, whose conceptions are full of ideological "isms."

Latin American thought gathers all that the centuries have given us and transforms this into an open culture that should be used in real life, should be studied and used as a guide, and should not exist as dogma.

This is what this Cuban is asking other Latin Americans and other people to think about and to debate on the basis of an ethical principle: equality among men and equal rights among nations.

I cannot accept that this is an impossible dream, as some say. I cannot live without struggling for this. I do not think any man has the right to call himself such if he does not struggle for this.

### Social Security Contributions Viewed

FL2109161794 Havana Radio Rebelde Network in Spanish 1600 GMT 19 Sep 94

["Straight Talk" program with host Carlos Santana Ojeda and BOHEMIA magazine reporter Luis Sexto]

[Text] [Santana] Luis, what do you know about this process that is already going on at the work centers, debating contributions to social security?

[Sexto] Well, the first thing that we know about this debate is that it has commenced, as you say, at the work centers. The debates began last week at a very distinguished work center in Pinar del Rio Province. At first glance, that is what I know.

[Santana, interrupting] Why debate this with the workers if this was already discussed at the National Assembly of the People's Government?

[Sexto] Well, I do know a little about that. I think that I have reflected on this situation because I am also a citizen that will find himself obligated to contribute to social security. Therefore, I am doubly interested in this process, as a citizen and as a professional press reporter. I believe that some comrades from the Cuban Workers Federation, including Comrade Pedro Ross who has spoken repeatedly of this situation in the press and on the radio, have referred to the motives that obligate Cuba to change a system which has been in use for many years. We know that in Cuba during the last 25 years no contributions were made to social security. The government absorbed all the costs involved with social security. The workers salaries were unaffected. There were no contributions made to social security. Everyone knows, we have repeated this many times before and we will continue to repeat it, Cuba is in a process of realignment [reordenamiento].

I have said, there have been others more informed than I that have said the same thing, that Cuba in 1994 is not the same Cuba of 1989. The world of 1994 is not the same world of 1989. All that economic, social, and diplomatic, infrastructure that sustained Cuba before 1989 does not exist. We do not have that infrastructure

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anymore. Our economy and our country have had to implement a strategy more adequate to the world as it is today, unipolar, without political, nor military balance. As a sample of Cuba's will to survive, a will to live, and to transcend the moment, it is implementing a more adequate strategy which includes doing things that we were not accustomed to doing, during the last 35 years.

[Santana] Yes, as you said things that we were not accustomed to doing during those 35 years. When we mention contributions I think that there are many people in Cuba that have no idea what a contribution is, even though it is a daily habit in Latin American countries. I think that we could start by defining what a contribution means.

[Sexto] A contribution is not the same as a tax. Some people refer to this as the social security tax; that is incorrect. There is no such thing as a social security tax. All contributive policies have diverse categories. One category of a contributive policy is a tax, this means that a person is obligated to pay a percentage of his salary to the state and that tax will never be returned to him. Well, it could be returned to him in other spheres, staples, or sectors but it will never be returned to him as a tax, in money, the same money he paid, obligated by law. A contribution is a donation. It is as if the worker was making a donation from his salary, which after a number of years will be returned to him. This means that I am paying ....[changes thought] I will begin to pay a portion of my retirement. I will begin to pay for a portion of the other benefits derived from social security. This means that the money that has been deducted from my salary during the years that I have been working will be returned to me when I retire.

Now then, let us ask ourselves: Is the money that I will begin to pay to the state now, enough to cover the pension that I will receive after I retire? Let us say that I will work for another 10 or 20 years before I retire, will the rate that I begin to pay now cover the all the years that I will be drawing my pension? I could retire at the age of 60 and according to Cuban life expectancy surveys I could live another 15 years. That is Cuba's life expectancy, I could reach 75 years of age. That means that during 15 years I will be receiving a pension. I ask: With the contribution that was taken from my salary, will I have paid the pension that I receive during those 15 years? The answer is no. The amount, the percentage, that could be taken from my salary would cover, roughly, the first two or three years of my retirement pension, but no more. The state is still absorbing the greater portion of social security payments in Cuba.

I believe that the workers are going to pay a percentage of their salaries, which will tend to reduce Cuba's social security deficit. Yearly Cuba spends 1.6 billion pesos on social security. As you know social security benefits are very ample, not only does it pay retirement but also pensions to on the job accident victims, and maternity benefits. That is a very strict concept. In a more extended concept the sectors of education and public

health care should be added to the benefits derived from social security, because workers do not contribute to education nor public health care. Those are things that form part of social security, that is, the sense of security that a citizen has in his country. I mean having the security that a worker has knowing that his son will receive an education, the security of knowing that his son will be cared for, and that illnesses will be prevented by the health care system, a system to which the worker does not contribute whatsoever. Therefore, we have seen that the concept of social security is very ample.

Now then, the state is going to continue absorbing a part of those costs and the worker's contribution, we do not know how much it will be but I believe it will be small, will aid the state. It is a form of cooperation, the worker is not going to pay the full cost of social security, only a small part. A part that will reduce the social security deficit, which is approximately 600 million [currency not given]. This means that the state does not receive enough money to cover the costs of social security. The state has to be constantly monetizing the social security deficit.

[Santana] Many people have informed me that in 1967 they were making contributions to social security. I was very young back then. These people believe that they have already contributed to social security. How can you explain this?

[Sexto] A school of Greek philosophy would say that is a sophism, only an apparent truth.

[Santana] Why?

[Sexto] Because that was true some time ago, not anymore. I remember because I was working back then, I was a young worker. In 1967 I had been working three years already. In that year it was decided that to quicken accounting procedures workers were to receive their entire salary. In 1967 I earned 185 pesos and one day I was told that my salary was no longer going to be 185 pesos, but that it was going to be 163 pesos. That was my net salary as all taxes and contributions to social security that were paid back then in Cuba were going to be automatically deducted. Therefore, my salary was 163 pesos. That was during a certain time because after that new jobs and new salaries were created in Cuba which did not take the prior situation into consideration. During the salary reforms, in the '80s, that situation was not taken into consideration. This meant that salaries were fixed without bearing in mind contributions to social security, because there were no payments being made to social security. Social security was being paid for by all the enterprises; they were paying 14 percent of their salary based funds to social security. That was true for two or three years.

You also have to bear in mind that the majority of those working in 1967 are no longer working today. At least 80 percent of those workers are dead or retired. I am one of the survivors of that generation. Back then I was 21 or 22 years old. I began to work in 1964 and by 1967 I had

been working three years already. Therefore, I cooperated with social security according to those decisions, during those few years. Then, after that, I made more money, salaries began to increase, and the previous situation was no longer taken into consideration. During a very long time there were no contributions to social security. Even our laws and our Constitution stated that there were no contributions to social security. That means that the state absorbed the entire cost. Now we have a situation in which 70 percent of our enterprises are not profitable, that means that they do not have profits, therefore, the state has to subsidize those enterprises. How can an enterprise cooperate with social security if that enterprise itself has to receive subsidies from the state because it does not make any profits but only has losses?

All these situations have to be kept in mind when analyzing and judging these measures, the contribution to social security. Our enterprises are going to convert to a self-financing system and it will be harder for them to face the entire burden of social security. In the self-financing system there are other economic and efficiency requirements, therefore, we will all have to agree and start cooperating to solve our problems. I believe that this is hard to understand and I believe that it is not going to be easy for the workers to understand...

[Santana, interrupting] Before you proceed, do you think that these contributions to be made by the workers are a thing of the special period?

[Sexto] No, no I do not think that they are due to the special period. I believe that Cuba is in a process of realignment [reordenamiento] of its economy that is not only in response to the urgencies and demands of the special period. The realignment responds to a strategy that is going to realign Cuba for today, tomorrow, and the day after. This means for today and for the future. We cannot see these measures as special period measures. We must bear this in mind. This is part of the realignment of Cuba.

Our country and our government cannot continue to absorb all the nation's cost. The workers, who receive quite a lot from the state, have to start contributing to the costs that the state has to face. We are not in the same situation as back in 1989, that must be understood. Those advantageous economic relations with the Soviet Union, the socialist camp, that oil that we received which was virtually all at the same price, a constant price, and now we must pay for dearly. Our government and our country are in a different situation now. We all have to cooperate in solving these problems. It is not a measure of the special period, I refuse to accept that. I believe that these are measures that reconform and reorganize our country for today and for the future.

[Santana] We are in times of scarcity and difficulties, everyone knows that and, speaking clearly, there are not many people that agree or understand these things that you are saying...

[Sexto, interrupting] Carlitos, look here, I do not have a measuring device to know who agrees and who does not. I believe that a process of debate about this problem has begun in Cuba so that all workers have the opportunity to say what they think about this problem. They can also give alternatives, alternative solutions to this problem, if they think they have any. Well, yes I think that there would be an alternative solution for reducing the social security deficit—we could reduce pensions, the pensions that are being paid currently. I think that no one would agree to having pensions reduced. We must debate this issue to reach a national consensus and understanding. All workers will have an opportunity to say what they think and I believe that right there is where economic and political democracy can be found in Cuba. There is a process of debate, discussion, and even controversy and that is what we have to take advantage of.

[Santana] This has been journalist Luis Sexto with some straight talk today about the Cuban worker's contribution to social security.

### Statistics on HIV, AIDS Cases Reported

PA2009143394 Havana PRENSA LATINA in Spanish  
2053 GMT 19 Sep 94

[Text] Havana, 19 Sep (PL)—It was reported here today that more than 130 Cubans infected with the AIDS virus (HIV) are already receiving outpatient care in their community in keeping with a new health policy toward AIDS patients.

According to Dr. Rigoberto Torres, deputy director of the Santiago de Las Vegas Sanatorium, west of Havana, treatment of patients who have tested positive for AIDS is being done in coordination with the so-called "family doctor" system, an institution that provides medical services for a specific city block or at the neighborhood level.

Torres said the patients continue to receive very expensive and indispensable medication free of charge and lead their lives according to the doctors' recommendations, which include maintaining existing work situations or establishing new ones.

The Santiago de Las Vegas Sanatorium took in the first Cubans found to be seropositive. They lived in confined conditions while the state adopted rigorous epidemiological control measures to detect the disease and avoid its spread.

Torres said that in 1989 the guarantor [garante] patient plan was implemented. These patients were given leave on weekends, either with or without a companion. Another step has been taken with the creation of the outpatient care system for all patients who ask to be returned to their normal life in the community.

As of 8 September 1994, 1,077 carriers of the HIV virus, 299 of whom have developed AIDS, have been reported in Cuba. According to specialists, AIDS has spread slowly here in an arithmetic, not geometric, progression, contrary to what has happened in other countries.

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## Roundup of Economic Developments

FL1909191794

[Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 20 September.

Camaguey Province construction workers are using alternative construction methods to conserve cement. The goal for 1994 is 280 houses; however, with over 240 already completed, there could be over 500 houses built by December. A neighborhood to house scientists close to the Genetic Engineering and Biotechnology Center is under construction. (Havana Radio Rebelde Network in Spanish 2300 GMT 12 Sep 94)

The measures that Camaguey Province construction workers have adopted in light of the special economic circumstances have yielded good results: They have completed approximately 60 projects so far and have accrued over 5 million pesos in revenues for the first time. (Havana Radio Reloj Network in Spanish 1948 GMT 14 Sep 94)

Villa Clara Province has the only sugarcane seed factory in the country specializing in sugarcane research. New and pest-resistant varieties of sugarcane have been developed. The goal for the rest of 1994 is to produce 80,000 plants in vitro to provide top quality sugarcane seed. (Havana Radio Rebelde Network in Spanish 2300 GMT 13 Sep 94)

Workers at the Ciego de Avila Province basic cooperative production unit (UBPC) responsible for coffee have developed a new food source for children ages 6 to 13. The high nutritional value of this product—enriched roasted cornmeal mixed with sugar and powdered milk—helps compensate for the shortage in milk. A total of 10 of the 20 tonnes targeted for September have already been produced. (Havana Radio Progreso Network in Spanish 1100 GMT 14 Sep 94)

A merchant marine vessel built in the PRC will be added to the Cuban flotilla. The ship is 186.6 meters long, has five holding tanks to transport produce, and weighs 29,000 gross tons/18,813 net tons. (Havana Radio Reloj Network in Spanish 1957 GMT 14 Sep 94)

Over 780 houses have been built in Havana Province in 1994, including 459 low-cost houses. The construction goal for 1994 is 950 houses, with no less than 10 houses for each UBPC. (Havana Radio Rebelde Network in Spanish 0900 GMT 15 Sep 94)

An assessment meeting in Matanzas has showed that 62 sugarcane agricultural cooperatives have been profitable, with 25 million pesos in revenues, despite the difficult conditions of the special period. Only two cooperatives have not been successful. (Havana Radio Rebelde Network in Spanish 0900 GMT 15 Sep 94)

The restaurants in Las Tunas Province lead that sector in production. Income so far this year exceeds 53 million pesos. (Havana Radio Reloj Network in Spanish 1930 GMT 15 Sep 94)

The engineer at the Brazil Sugarcane Complex, in Camaguey, says that the main problem during the last sugarcane harvest was with the steam production plant. If all goes well, this complex could produce six to eight megawatt hours of electricity during the upcoming sugar harvest. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 94)

Pinar del Rio Province rice harvesters are behind schedule. The province hopes to increase production in the next few days. To date, they have yielded 1,000 quintales per caballeria. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 94)

Important organizational steps are being taken in Pinar del Rio Province to carry out the rice harvest that has been delayed due to technical difficulties with the harvesters and other shortages. At least 347,000 quintals of rice must be harvested this month to make up for the delays. The yields to date surpass 4,000 quintals per caballeria. (Havana Radio Progreso Network in Spanish 1000 GMT 17 Sep 94)

The first economic efficiency assembly of the sugar sector held in Villa Clara Province called attention to the Luis Perez Perez UBPC of the Esperanza zone, in Camajuani Municipality. Those who attended the meeting were surprised to hear the Batalla de Santa Clara mill administrators announce that the Luis Perez Perez UBPC is a profitable unit and is producing an average of 23,000 arrobas per caballeria, an economic result that allows for the possible sharing of more than 37,000 pesos in earnings. The administrators said that 82 caballerias of sugarcane was planted during the spring season, which is 100 percent of the projected figure. However, 40 of the caballerias are infested with weeds, which will hinder the upcoming sugarcane harvest. (Havana Radio Progreso Network in Spanish 1000 GMT 17 Sep 94)

National Association of Small Farmers members in Nueva Paz, Havana Province, hope to produce 120,000 quintals of tubers and vegetables this year. So far they have produced 57,000 quintals of tomatoes, 12,000 quintals of cauliflower, 6,000 quintals of yucca, 4,000 quintals of rice, and 16,000 quintals of yams. (Havana Radio Rebelde Network in Spanish 0900 GMT 17 Sep 94)

Ruben Garcia, Sugar Industry Ministry delegate in Camaguey Province, has said that maintenance and repair work in the province has fallen behind schedule. Only 30 percent of the goal has been reached, and Garcia pointed out that 50 percent of the work should have been completed by now. The province's sugarcane complex should be ready to begin grinding operations by 31 October. Garcia stressed the need to work round-the-clock to fulfill the province's goals. (Havana Radio Rebelde Network in Spanish 0900 GMT 19 Sep 94)

The government has announced that 2,000 families will relocate to highland areas across the country. According to a 13 September report datelined Havana, the plan is to promote coffee production nationwide, "given the

bean's rising price on international markets." The new coffee growers "will sign a contract with the state, setting the quantity they must report at each harvest." A resolution issued by the Ministry of Agriculture states that "each family will be granted a specific amount of land, according to the number of family members." The program is voluntary, and the majority of applicants currently live in the major cities. Families joining the project "will be allowed to raise other crops and even breed animals on their land." (Havana PRENSA LATINA in Spanish 1940 GMT 13 Sep 94)

### Bahamas

#### Haitian Envoy 'Optimistic' 'Better' Times To Come

FL2109130094 Nassau Bahamas Radio Network in English 1130 GMT 21 Sep 94

[Text] Haiti's charge d'affaires to the Bahamas, Mr. (Joseph Etienne), said on ZNS TV 13 news last evening that he was optimistic that life will get better in Haiti.

[Begin (Etienne) recording] While we do have plans, we are following the current events closely, (?but it is likely) that we will be returning to Haiti after October 15 once General Cedras steps down. So there are [words indistinct] so that these military thugs will leave Haiti to keep people from exercising their rights, as we see today where they were able to come out to demonstrate in favor of their leader. And [words indistinct] to be there, will be returning to Haiti, and I'm sure with time things will be working for the better. [end recording]

### Haiti

#### Aristide Thanks Clinton, Announces Plan To Return

FL2109220694 Port-au-Prince Radio Metropole in French 1900 GMT 21 Sep 94

[Text] Exiled Haitian President Jean-Bertrand Aristide, today on his way from the Pentagon, made a statement thanking U.S. President Bill Clinton for the U.S. intervention in Haiti: Thank you, Mr. President, for the decision you made. Thanks for your leadership. Thanks to the American people. That was the statement made by the exiled head of state, who has so far maintained a reproachful silence on the agreement reached by Washington and the powers in place in Port-au-Prince.

Jean-Bertrand Aristide also announced in Washington that he would return to Haiti before 15 October, the date set by the United States for the departure of the military in power in Port-au-Prince: In less than 24 days, I will come back to you in Haiti, stated the Haitian head of state, addressing his people, while leaving the Pentagon where he had just held a conversation with U.S. Defense officials.

#### Spokesman Explains Aristide Disapproval of Agreement

FL2109215094 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 94

[Text] On 20 September, during his first public reaction since the signing of the agreement supposedly ensuring his imminent return to power, Haitian President-in-Exile Jean-Bertrand Aristide implicitly expressed his disapproval of the agreement reached on the night of 18 September between the Haitian generals and a U.S. delegation.

In a communique published in Washington, Aristide reaffirmed his commitment to the Governors Island agreement, which he personally signed on 3 July 1993 with the commander in chief of the Haitian Army, Lieutenant General Raoul Cedras. In a 15-line text, the Haitian president, ousted three years ago by a military coup d'etat, does not make the slightest allusion to the Port-au-Prince agreement or to the landing of U.S. troops in Haiti. On that score, let us listen to the explanations of Jean-Claude Martineau, spokesman for President Aristide:

[Begin Martineau recording, in French] The agreement must comply exactly with the Governors Island agreement. It must comply exactly with what President Clinton said when he made the decision to enforce UN Resolution 940. [Words indistinct] not negotiate with anyone, and that they are asking these men how and when they would like to leave. But they must leave. This is a fundamental point so far as we are concerned.

In addition to that, something else we would like is a date for the return of President Aristide. This should be clearly stated and should be stated in a way that prevents any doubt as to the return of President Aristide. [end recording]

#### Deputies React to Port-au-Prince Agreement

FL2209011894 Port-au-Prince Radio Metropole in French 1600 GMT 21 Sep 94

[Excerpts] There has not yet been an overall reaction from the Haitian parliament to the signing of the Port-au-Prince agreement. However, some deputies have expressed themselves individually on the document within the parliamentary groups. The reactions should begin today. Edner Jean filed a report:

[Begin recording] [Jean] Everything is still confusing the legislators, who today find themselves involved in the Port-au-Prince agreement, on which they had not even been consulted. However, they must play a determinant role in this new episode in the Haitian crisis, because the military chiefs cannot leave until both chambers approve the amnesty law, according to the terms of the agreement. But the 45th Legislature just completed its work, while the Senate is split into two opposed parties, which makes observers wonder who is going to convene the General Assembly—Will it be President-in-Exile Jean-Bertrand Aristide or provisional President Emile Jonassaint? For the deputies close to the current regime, it is

out of the question to respond to a convocation by President Jean-Bertrand Aristide because there is a president in Haiti, the one they put in power, as explained by Deputy Pierre Francois Vital, who also expressed his opinion on the U.S. occupation.

[Vital, in Creole] I recognize only one president. I became involved in the 11 September [as heard], whether or not the foreigner put a weapon to my neck to tell me that I had been convened by Aristide to come to parliament to vote a law for Aristide. I believe that Aristide is a plain citizen, former president of Haiti. We put a provisional president in place to hold elections against all odds. [Words indistinct] more strength right now because the first power in the world has agreed to sign an agreement with him. I think that the military have a deadline to leave by 15 October. I know that the elections will be held anyway. I know that there is a president in the country who was designated by us. So long as we do not ask him to leave, we know that he is in charge of putting everything in motion so we can hold elections. [passage omitted] I can cooperate with the foreigner, but I will not collaborate with him [words indistinct].

[Jean] Needless to say, the deputies of the Alliance remain firm in their position. They do not believe that Jean-Bertrand Aristide will return to Haiti after 15 October. According to Deputy Josue LaFrance, a dead person cannot return to life. [passage omitted]

It should be noted that the other political blocs have not yet reacted to the Port-au-Prince agreement. Members of the social-democratic bloc are still consulting with one another, while the socialists are due to meet on Tuesday night and, by Wednesday morning, give their official position on the Port-au-Prince agreement. Socialist Deputy Lavaud Jean Baptiste nevertheless agreed to speak as an individual to denounce the illegal aspects of the agreement signed between Judge Emile Jonassaint, the president not recognized by the Chamber of Deputies, according to him, and by a U.S. delegation. [passage omitted].

Those are the first reactions in parliament. We have learned from a reliable source that the office led by Bernard Sansaricq is due to give its position on the Port-au-Prince agreement. Edner Jean for Metropole. [end recording]

#### **Mayor Asks Population To Be Cautious, Disciplined**

*FL2109142794 Port-au-Prince Radio Metropole in French 1045 GMT 21 Sep 94*

[Text] The Port-au-Prince agreement is strongly decried by Port-au-Prince Mayor Evans Paul who maintains that President Aristide must return to power in Port-au-Prince. Mr. Paul blames the authors of the coup d'etat for the American military intervention in Haiti. Evans Paul calls on the population to be cautious.

[Begin Paul recording in Creole] It is a maneuver by the U.S. Government to allow its troops to land in the

country without any problems. But it does not change anything in UN Security Council Resolution 940, which provides that all de facto civilian and military authorities step down so that President Aristide may return. Slowly we are moving forward to the road of liberation. But we must be very cautious. Avoid all provocations so that nothing unfortunate happens while the foreign forces have not yet completely settled down. Mobilize in order and discipline because Mayor K-plum [Evans Paul's nickname] does not want anyone in the population to continue being a victim. [end recording].

#### **Report Provides Details on Demonstrations**

*FL2109234894 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 94*

[By Luckenson Jean]

[Text] There was one dead and several injured, including a policeman, during confrontations between pro-Aristide demonstrators and the Haitian police at the capital's harbor. The following is a report by Luckenson Jean.

[Begin recording, in Creole] [Luckenson] Several hundred civilians marched down the streets in the Bicentenaire Quai Colomb area, Port-au-Prince, to personally witness the U.S. Marines landing from helicopters at the National Port Authority [APN]. About 30 policemen from the anti-gang service and Cafeteria [Fourth Police Company of Port-au-Prince], who were on the spot with shields, billies, and heavy weapons, asked the civilian population to clear the area as a precautionary measure. While the police were speaking, civilians close to the exiled 16 December [1990] president hurled stones at them and chanted:

[Demonstrators, chanting] Aristide or death! Aristide or death! Aristide or death! [words indistinct] Up with Aristide! Down with Cedras!

[Jean] A few minutes later, the situation became difficult for the Haitian policemen who were incapable of controlling the crowd and were obliged to seek reinforcements from a truckload of helmeted military, carrying heavy weapons and billy clubs. They addressed the crowd through megaphones, asking the population to move back. We must also tell you that they were battering the civilian population and sending teargas from a distance. Despite these measures, the population continued to hurl stones at the Army and police members.

We will point out further regrettable incidents regarding loss of human lives, such as that of Joel Augustin, a close partisan of the 16 December president, who was clubbed to death by a policeman. A Haitian policeman was hit in the face by a stone. He was rushed to the hospital. Other young men and women injured with billies were also rushed to the hospital to receive first aid. A Haitian journalist, Reginald Leon, working for FREEDOM OF SPEECH in California, was not spared. Neither was I.

Please note that despite these incidents, which occurred in the presence of U.S. Marines, they did nothing. When we tried to ask them why they had not reacted, they told

us that they could not respond in these cases without orders to do so. But a few hours later, the Americans marched past the area of the U.S. Embassy, the La Saline Boulevard area, in Kuwait City, in tanks and jeeps with heavy weapons in their hands and communication devices in their ears. They greeted the civilian population, waving at them.

Luckenson Jean for Signal FM. [end recording]

It should also be pointed out that at the end of the day on 20 September, following these skirmishes, calm returned to the Port-au-Prince Airport where police had dispersed demonstrators favorable to the president-in-exile, resulting in one death and several injuries, including one policeman. A young demonstrator had been killed at the Port-au-Prince Harbor in the morning, having been beaten in the head with billy clubs. A small vanful of uniformed police even patrolled, without visible hostility from the crowd of bystanders at the international airport, where over 1,000 were attending—behind metal gates—[word indistinct] of U.S. helicopters bringing in men and materials. No sign of tension was perceptible.

#### **Demonstrations Prohibited; 'Professional Agitators' Blamed**

*FL2109142094 Port-au-Prince Radio Metropole in French 1045 GMT 21 Sep 94*

[Text] In Port-au-Prince, the provisional government of Judge Emile Jonassaint last night formally prohibited all demonstrations on the streets in order to avoid the chaos and bloodshed so much wished for by some people in Haiti, according to a press release. In this press release, the Ministry of Information and Coordination denounced the professional agitators of some well-identified sectors of the population who are taking advantage of the presence of the U.S. military cooperation mission to resume their subversive activities with the objective of leading the country to chaos, end of quote [no opening quote as heard].

#### **De Facto Government Decree on Demonstrations**

*FL2109224494 Port-au-Prince Radio Metropole in French 1600 GMT 21 Sep 94*

[Text] The provisional government of the Republic forbids all demonstrations on the streets. Following is the government press release:

The Provisional Government of the Republic observes that professional agitators, linked to a well-identified sector of the population, are taking advantage of the presence of the U.S. military cooperation mission to resume their subversive activities, with the objective of leading the country into chaos.

The provisional government of the Republic, responsible for the state, advises that in order to safeguard the nation's higher interests and to avoid this bloodshed so

desired by certain people, instructed the forces of order to take all proper measures to assure, as in the past, the security of the lives and properties of nationals and foreigners living in the country.

Furthermore, the government advises the population that the holding of any demonstrations in the streets, from the time of issuance of this press release, is formally prohibited.

It is also asked of Haitian and foreign journalists that they demonstrate increased objectivity and professionalism in the treatment and dissemination of information so the process of cooperation begun between the Haitian Armed Forces and the U.S. military mission may be facilitated without conflict. Formal instructions were given to the relevant authorities to take appropriate measures against all offenders of this decree. Faithful to its mission, the provisional government of the Republic reiterates its firm determination to respect and force respect for the Constitution and the current laws, and again asks the population to remain calm.

#### **Shelton Threatens Use of Troops Against Police**

*FL2109230194 Port-au-Prince Radio Metropole in French 1900 GMT 21 Sep 94*

[Text] The U.S. is going to demand the end of repression in Haiti. They consider police brutality against Haitians gathered to acclaim President Jean-Bertrand Aristide and the arrival of U.S. troops unacceptable. If the forces of order continue to resort to this disproportionate force, U.S. troops will have to take a further step. This statement was made today by the commander in chief of the U.S. operation. General Hugh Shelton wishes to demand self-control from the Haitian police and military. He met with Gen. Cedras, head of the Haitian Army on 21 September.

#### **Haitian Soldiers Disarmed by U.S. Soldiers**

*FL2109225194 Port-au-Prince Radio Metropole in French 1900 GMT 21 Sep 94*

[Text] Haitian soldiers have been disarmed by U.S. forces. This was announced today by David Meade, deputy commander in chief of the U.S. troops. The U.S. general reported that an incident occurred on 20 September, during which three or four Haitian soldiers on duty in an ammunition depot were arrested and disarmed by U.S. soldiers. For the time being, we do not know the causes of this incident nor do we know whether the Haitian soldiers are still being detained.

#### **Agreement: Heavy Arms Unit Dissolved, Barracks Occupied**

*FL2109221794 Port-au-Prince Radio Metropole in Creole 2000 GMT 21 Sep 94*

[Text] The news that has just been released is an agreement signed today in Port-au-Prince by General Henry Hugh Shelton, head of the U.S. forces, and General

Raoul Cedras, head of the Haitian Army, to dissolve its heavy weapons corps, the most highly armed unit in the Haitian Army. The heavy arms of this unit will no longer be operating, and the barracks will be occupied jointly by a U.S. battalion and Haitian soldiers. This was a just-released statement by U.S. spokesman, Colonel (Barry Wiley).

**10,000 U.S. Soldiers Expected; No Occupation Intended**

*FL2109223194 Port-au-Prince Radio Metropole in French 1900 GMT 21 Sep 94*

[Text] A total of 10,000 U.S. soldiers will be on Haitian soil by the end of the day. Around 4,000 are due, adding to the 6,000 already present. The U.S. forces that landed in Cap-Haitien on 20 September must also begin deploying today to the areas surrounding Port-au-Prince.

The commander of the U.S. forces has announced that, in less than five or six days, they will have enough supplies, materials, and troops at their disposal to travel to the provinces and continue ensuring conditions of safety, not only in Port-au-Prince, but also in the rest of the country. Hugh Shelton nevertheless asserted that the United States does not intend to occupy Haiti.

**Officer Denies Rumors of Desertion by Francois**

*FL2109152894 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Sep 94*

[Text] Lieutenant Colonel Joseph Michel Francois has not deserted his Port-au-Prince police post. A high-ranking army officer contacted by Signal FM confirmed this. The people make up disinformation, they say anything, the officer is still on duty, stated this army high-ranking officer stationed at the general headquarters in Port-au-Prince.

Asked about the attitude of [Lt.] Col. Francois after the signing of the agreement on the night of 18 September between President Jonassaint and the U.S. delegation led by former President Jimmy Carter, the officer answered that Col. Francois is an army officer to whom instructions have been given. Mr. Francois had no reason to be a party in the discussions of the weekend, explained this high-ranking army officer, who was speaking off the record [last three words in English] and who refused to allow his name to be cited, since he is not the army spokesman.

Lt. Col. Joseph Michel Francois has never had problems with the military hierarchy, the officer added. Since the signing of the Port-au-Prince agreement, rumors in the diaspora reported that the Port-au-Prince chief of police had deserted his post and that he had gone underground. At the moment that I am talking to you, Col. Francois is working, this high-ranking army officer added.

**Foreign Ministry Studying U.S. Immigration Plan**

PA2109172394 Mexico City LA JORNADA in Spanish  
20 Sep 94 p 5

[Article by Aurelio Garibay, Ruben Villalpando, and Jesus Aranda—passages in italics as published]

[Excerpts] The Foreign Relations Secretariat (SRE) is "carefully" analyzing the recently proposed anti-immigration *Porter Plan* which would be implemented mainly in the zone of Tijuana-San Diego. This study is meant to determine the extent and possible consequences the plan might have among Mexican migrants, Foreign Secretary sources have announced.

They said also that the Mexican Government will protest to the U.S. Government if the aforementioned plan affects the human rights of Mexicans.

At the same time, sources in the Mexican Consulate in the state of California said it is premature to expect a specific position from the Foreign Secretariat on the initiative by Attorney General Janet Reno seeking to "shut off illegal immigration" mainly via the Tijuana-San Diego border. [passage omitted]

**Success of Operation Blockade**

In marking today the one-year anniversary of the Border Patrol's *Operation Blockade*, this organization reported that the crossing of illegals through this area has dropped 70 percent.

Francisco Villarreal Torres, municipal president of Ciudad Juarez, and representatives of human rights organizations have said this measure has been unsuccessful, because illegals continue to cross the area.

*Operation Blockade* was implemented on 19 September 1993 by setting up a barrier of policemen and patrolmen along a 20-mile stretch of the Mexican-U.S. border, which runs from Sunland Park-Anapra to Fabens, New Mexico.

Silvestre Reyes, chief of the Border Patrol, said that at first 400 Border Patrol policemen were used to guard the area. This was reduced to 300 because there fewer illegals now crossing this part of the Rio Bravo.

He cited figures showing that 122,355 illegals looking for work were captured in 1993, while 35,188 were arrested over the same period through September 1994. This is approximately a 70 percent drop.

He noted that currently an average of 200 people are apprehended, while in previous years a minimum of 1,000 were in fact caught.

**New Armed Group Reportedly Operating in Guerrero**

PA1609225494 Mexico City LA JORNADA in Spanish  
13 Sep 94 p 18

[Text] The existence of an armed clandestine group called Armed Force for the Mexican Revolution [Fuerza

Armada Para la Revolucion Mexicana, FARM] operating in Guerrero State has been announced by Chapo, its "commander general." Its objective is "the struggle for democracy and justice in this country."

Commander Chapo made known the existence of his organization in a communique sent to LA JORNADA. He stated that they began clandestine operations 11 months ago due to the extreme poverty and injustice.

He stated he has a force of 1,000 men, "thank God, well armed, and after one year of training, well prepared," thanks to former Mexican Army soldiers.

He warned: "We are going to Mexico City, one by one, to overthrow the government. The big city is also like a jungle, ideal for waging the great battle for freedom."

He demanded that if Ernesto Zedillo "really wants to help Mexico," he should not take office, new elections should be held, and corruption and looting of natural resources should stop.

He stated: "When our Chiapas brothers of the EZLN [Zapatist National Liberation Army] rose up and shouted 'enough!' on that unforgettable 1 January, we felt even more strongly the desire and courage to continue forward, because we had thought we were alone. We did not act because we were a young and poor army."

"Unlike today, when, after nearly one year of training, meditating, reflecting, waiting, and learning, we are ready! Today we want to issue a warning just by speaking firmly; tomorrow our warning will be with weapons in hand and in the capital of the republic."

In the communique, Commander Chapo clarified the point that they only want the resignation of the current government "or its leaders." It added: "We do not any particular party to govern; we are unbelievers in these matters. We do not believe in anyone, but we want a democracy that is felt and seen and that is evident in the government that heads the country."

**Roundup of Economic Developments**

PA1909194694

[Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 19 September.

During the first seven months of the year, the price of Mexican export crude oil was 30 cents over the estimated price in the 1994 General Criteria for Economic Policy. As a result, Mexican Petroleum (Pemex) income from this product increased by \$593 million. Pemex reported an income of \$3.747 billion from the export of 1.321 million barrels of crude oil per day from January to July 1994. During that period, the average price of Mexican export crude oil was \$14.80 per barrel for the Isthmus type, \$12.07 for Maya, and \$15.89 for Olmeca. The mixture of export crude oil closed at \$13.30, while the estimated price was \$13.00. According to the Pemex report, 78.8 percent of the exports were to the United

States, 14.9 percent to Spain, and 6.3 percent to the Far East. (Mexico City EL FINANCIERO in Spanish 12 Sep 94 p 44)

It will be very difficult to lower domestic interest rates to 11 or 12 percent by the end of 1994 as predicted by economic experts after results of the recent presidential elections were known. Domestic interest rates increased during the past three weeks due to political, economic, and financial uncertainty among Mexican and foreign investors. Interest rates on treasury bonds for 28 and 91 days increased to 15.51 and 15.98 percent, respectively. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 12 Sep 94 p 13A)

During the past 12 months, at least 12 of the 20 leading commercial banks in the country registered a deterioration in their financial stability ratio of up to 47.5 percent, according to National Banking Commission (CNB) sources. (Mexico City LA JORNADA in Spanish 12 Sep 94 pp 1, 42)

According to a report from the Bank of Mexico (Banxico), 68 percent of the federal government's domestic debt is falling in the hands of foreign investors because Mexican Government bonds are the most profitable in the international market at this time. The Central Bank reported that by the end of August, foreign investments in federal government bonds increased to 85.788 billion pesos, which represents a 5.49 percent increase over the 1994 monthly average. (Mexico City UNOMASUNO in Spanish 12 Sep 94 p 16)

Mexico's foreign trade balance registered a deficit of \$8.86 billion from January to July 1994, which is 27 percent more than during the same period in 1993. According to the National Bank of Mexico, Banamex, those results "were expected," and confirm that the country needs foreign resources and must increase its non-petroleum exports, particularly manufactured products. (Mexico City LA JORNADA in Spanish 13 Sep 94 p 43)

Robert Noble, minister counselor of the Canadian Embassy in Mexico has said that Canadian companies have invested almost \$2 billion during 1994, that Canadian investors "have confidence in Mexico," and that bilateral commercial relations are at their best. (Mexico City EL FINANCIERO in Spanish 14 Sep 94 p 26)

The Mexican cement industry is willing to reach an agreement with the United States to enter that market, including export quotas, according to Gustavo Caballero, finance director of Cementos Mexicanos. Based on

unofficial reports, the Mexican Trade Secretariat is seeking an agreement with the U.S. Government for the implementation of a GATT resolution by which Mexican exporters would be reimbursed for taxes they already paid. The Clinton Administration wants Mexico to accept cement export quotas and a partial reimbursement of the taxes. (Mexico City EL FINANCIERO in Spanish 14 Sep 94 p 23)

According to a document issued by the OECD, excessive regulations, fiscal obstacles, uncertainty over unfair competition, and low interest rates for brief periods of time are preventing the emergence of new enterprises in Mexico. The report adds that salary related costs are too high, while basic salaries are low compared to other countries. (Mexico City EL FINANCIERO in Spanish 14 Sep 94 p 28)

Secretary of Commerce Jaime Serra Puche, Baja California Governor Ernesto Ruffo Appel, and the business sector signed an agreement to support an emergency employment and investment plan in Tijuana and Baja California State. (Mexico City EL FINANCIERO in Spanish 15 Sep 94 p 29)

Finance Secretary Pedro Aspe Armella urged bankers "to comply with guidelines for privatization of credit institutions financial opening." At the monthly meeting of the Mexican Banking Association (AMB), where the Financial Sector's Coordinating Commission was officially created, Aspe said "illegal activities will not be overlooked," and mediators not operating according to the law "will be punished." (Mexico City EL FINANCIERO in Spanish 15 Sep 94 p 20)

Finance Secretary Pedro Aspe spoke at a ceremony on 14 September during which he signed an agreement for the improvement of customs controls with representatives from 30 industrial sectors. He said as a result of customs reforms, operations in that sector were more efficient and resulted in additional revenues during the past six years. (Mexico City EL FINANCIERO in Spanish 15 Sep 94 p 16)

Luis German Carcoha and Victor Manuel Terrones, presidents of the Business Coordinating Council (CCE) and the National Association of the Processing Industry (Canacintra) respectively, denied Mexico is on the verge of a new devaluation or that inflation will drastically increase. Terrones noted that President-elect Zedillo has clearly said he will continue with the basic economic plan, making necessary adjustments as demanded by the circumstances. (Mexico City EL FINANCIERO in Spanish 15 Sep 94 p 16)

**Panama****President Issues Decree To Curb Money Laundering**

PA2209041394 Panama City LA ESTRELLA DE  
PANAMA in Spanish 20 Sep 94 pp 1, A-2

[Text] Panamanian President Ernesto Perez Balladares and Government and Justice Minister Raul Montenegro have signed a presidential decree which places the responsibility for corporations on their local representatives to prevent the use of these companies for money laundering.

President Perez Balladares stressed that this decree protects industries that generate a great deal income for the national economy. It also seeks international recognition of Panama in an effort to make transactions and trade agreements between various countries of the world easier to obtain.

Perez Balladares added that the signing of this decree and the commitment of Panamanian lawyers will be sufficient to rescue the country's good name, which was tainted by people using Panamanian corporations for illegal activities.

For his part, National Bar Association President Jorge Hernan Rubio said his organization promises to reform its code of ethics to adapt to the terms of the decree. If this is insufficient, the Bar Association will study other options to apply measures needed to prevent money laundering.

Since we consider this of interest, we are printing the complete text of the Executive Decree establishing the obligations and responsibilities of local corporate representatives.

**Executive Decree**

By which the obligations and responsibilities of the resident representatives of corporations are established.

**Whereas**

The illegal drug trade represents a serious threat to the health and wellbeing of human beings and undermines the ethical, economic, cultural, and political foundations of society.

Illegal drug trafficking generates considerable financial profit and large fortunes that might allow transnational criminal organizations to invade, contaminate, and corrupt the structures of public administration; legal, commercial, and financial activities; and all levels of society.

There is great interest in Panamanian society to fight drug trafficking and the laundering of money derived from this criminal activity that affects all of humanity.

With this purpose in mind the Republic of Panama enacted Law No. 23 on 30 December 1986 regarding crimes related to drugs and the economic benefits of illegal drug trafficking.

Subsequently, with the same purpose in mind, the Republic of Panama negotiated the Mutual Legal Assistance Treaty with the United States, which was approved by the National Assembly by Law No. 20 on 22 June 1991; has negotiated similar treaties with the United Kingdom, Colombia, Canada, and Central America; and recently ratified and approved—by way of Law No. 20 on 7 December 1993—the

UN Convention Against the Trafficking of Illegal Drugs and Psychotropic Substances, also known as the Vienna Convention of 1988.

The Republic of Panama is playing an important role in the world economy because of the outstanding development of its international service economy.

Relevant sectors of the service economy are represented by the banking center, the Colon Free Zone, and the corporations.

That the regulations governing corporations were established by Law No. 32 of 1927, and since then the corporations have become a fundamental instrument in international economic relations.

It is necessary to take steps to protect the good name of Panamanian corporations through the creation of mechanisms that serve to dissuade their use for committing drug trafficking crimes and for the laundering of the money resulting from those crimes.

**Hereby decrees**

Article 1: It is the obligation of every lawyer or law firm acting as the local representative of a Panamanian corporation to know its clients and keep sufficient information to identify them before the proper authorities when so required.

Article 2: This information will be given only upon request from an official from the Public Ministry or the Judicial Branch who has the authority to investigate drug trafficking crimes or the laundering of money derived from these illegal activities by reason of criminal proceedings begun in the Republic of Panama, or under the purview of mutual legal assistance treaties.

Article 3: The providing of information—as mentioned in the previous article—by the resident representative of a corporation will not be considered as a breach of the professional secrecy between a lawyer and his client, nor as a breach of professional ethics—as specified in Article 170 of the Penal Code—because it is for the greater good of the Republic of Panama.

Article 4: Any lawyer or member of a law firm who refuses without justification to provide the information requested will be held in contempt.

Article 5: The National Government, through the Government and Justice Ministry, will encourage professional law organizations so that their legal Code of Ethics will deal with the issues behind this decree in keeping with the spirit of the laws mentioned in the whereas clauses and with the dispositions set forth in its normative section.

Article 6: This decree will go into effect upon its publication in the Official Gazette.

Let it be promulgated and published.

Issued in Panama City on this day and month in 1994

[signed] Ernesto Perez Balladares, president of the Republic of Panama

Government and Justice Minister Raul Montenegro Diviayo

## Argentina

### Di Tella Views Caputo Remarks, Haitian Situation

PY2109151094 Buenos Aires TELAM in Spanish 2340 GMT 20 Sep 94

[Text] Buenos Aires, 20 Sep (TELAM)—Foreign Minister Guido Di Tella said today that the United States did not ignore the United Nations in its handling of the Haitian crisis. He added that Dante Caputo had ended his mission when Jimmy Carter arrived in Port-au-Prince.

"Perhaps Caputo had a different interpretation of the events because in the past he was at the center of the show and now others are the main actors," Di Tella said.

Di Tella spoke about Haiti following the ceremony for the ratification of the treaty on investment guarantees between Argentina and the United States that was held at the San Martin Palace and after the announcement on the Sixth Regional Conference on Women that was also made at the Foreign Ministry.

Regarding the separation of former Foreign Minister Caputo from the negotiations on Haiti, Di Tella said that he "did not resign; his mission had ended because a way out of the conflict was found, and as the saying goes: The dog is dead, the rabies are gone."

Asked whether "the dog was really dead," Di Tella, reflecting, answered: "Well, he is not dead; he is beaten."

Later the foreign minister admitted that even though there were reasons to be pleased because Jimmy Carter's mission "prevented the spilling of blood, there are also reasons for concern."

Among the concerns he mentioned were the uncertainty created relative to Haiti's political future because of the intransigence of the conflicting parties.

"We support the junta's departure, not because we admire Aristide, but because we admire democracy," Minister Di Tella emphasized.

Regarding the possibility of granting political asylum to Raoul Cedras in Argentina, the foreign minister said: "It does not fill us with happiness, but we accept it as a contribution to solving the problem," recalling France's decision to grant asylum to previous Haitian dictator Francois Duvalier and his family.

### Di Tella: Chilean Cabinet Shuffle Not To Alter Ties

PY2109153094 Buenos Aires TELAM in Spanish 2354 GMT 20 Sep 94

[Text] Buenos Aires, 20 Sep (TELAM)—On 20 September, Foreign Minister Guido Di Tella stated that bilateral relations with Chile will not be subjected to changes following the cabinet reshuffle in Chile, because they are founded on principles that go beyond the people who conduct them.

Upon being asked to comment on the removal of his Chilean counterpart Carlos Figueroa, Di Tella replied

that the relations with the former Chilean foreign minister "were excellent, and they will continue along the same lines with whoever succeeds him."

The foreign minister underlined that "we do not have any special concern beyond the natural curiosity to learn the name of the new minister, because we are sure that relations between both countries will not be modified."

Di Tella added that the "nice friendship" with Figueroa will continue in any other post to which he will be assigned. The minister reiterated that relations between Chile and Argentina are based "on basic policies that respond to the interests of their peoples."

### Ambassador to UK Addresses Falklands Sovereignty

MS2009110094 London FINANCIAL TIMES in English 20 Sep 94 p 20

[Letter from Ambassador Mario Campora, Embassy of the Argentine Republic in London: "Sovereignty at Issue, not Fisheries Conservation"]

[Text] Sir, your article "Falklands rivalry tests quick tempers" (August 30) accurately states that the south west Atlantic is one of the few regions in the world rich in fishing resources. However, its author does not present a complete picture of the issues involved in the area. Allow me to address those of greater relevance.

Argentina rejected the UK's extension of its alleged jurisdiction over undisputed waters north of the Malvinas Islands on grounds of their appurtenance to land territories subject to controversy, and because it had always exerted exclusive rights of sovereignty over those waters. The issue at stake has nothing to do with fisheries conservation but with sovereignty.

The Argentine government has developed an effective conservation and fisheries administration policy. The Argentine Navy has substantially increased its patrols in the Argentine economic exclusion zone, and provisions are being made to increase them further. At the same time, the National Institute of Fisheries Research enjoys greater financial and technological resources and produces state-of-the-art research in the subject.

In the case of Illex squid, it is worth recalling that between 1987 and 1992 Argentina captured less than a third of the totals fished in waters close to the Malvinas Islands.

The reference to the Argentine-EU [European Union] agreement seems to be misleading since it only came into force on May 24 1994, and it has not yet been implemented.

Surely, the article in question would have benefited from further research on Argentine fisheries policy and from consultation with Argentine official sources.

**Bolivia****Presence of U.S. Troops Labeled 'Occupying' Tactic**

*PY2109195694 Cochabamba LOS TIEMPOS in Spanish 11 Sep 94 p A8*

[Text] Santa Cruz, 10 Sep (LOS TIEMPOS)—Jesus Yavari, executive secretary of the Departmental Workers Federation (COD), has said that the arrival of U.S. troops in the country represents the strengthening of the tactic for occupying the Chapare, which has become a U.S. strategic zone.

Yavari said this is part of the policy of expansion and domination carried out by the United States since the times of the colonies, going to extremes such that even the role of the Bolivian Armed Forces is minimized in the presence of the U.S. "rambos."

Yavari pointed out that, according to the Santa Cruz workers, the presence of U.S. troops will only serve as an incentive to confrontation among Bolivians, particularly among the peasants, who are facing survival issues with regard to coca cultivation.

He also said that Bolivian unions, just like the rest of society, agree with the eradication of drug trafficking, but support a policy based on reality and not on foreign interests that have little or no concern at all for the situation of the peasants.

**Solidarity Civic Union Leaves Government Coalition**

*PY2209023894 La Paz Television Nacional Network in Spanish 1700 GMT 21 Sep 94*

[Text] Max Fernandez, president of the Solidarity Civic Union [UCS] which is in coalition with the government, said today this is the final rupture with the government. He was referring to an unreconcilable rupture between the UCS and the government party, the MNR [Nationalist Revolutionary Movement]. This is the 11th crisis between Max Fernandez and the government coalition. President Gonzalo Sanchez de Lozada, his ministers, and high-level MNR leaders are now holding an emergency meeting in the presidential residence.

[Begin recording] [Unidentified reporter] UCS leader Max Fernandez took more time going into the San Jorge presidential residence than coming out. Fernandez arrived at 1020 and left 10 minutes later, at 1030. He came out annoyed, saying this is the final rupture. He was referring to his party's withdrawal from the government coalition, and he indicated that as of today the members of the UCS who are in the government will leave their posts. Three UCS deputies arrived in the residence at 1130 without knowing that Max Fernandez had announced the rupture between the UCS and the MNR. One of them, Deputy Luis Sanabria, talked with reporters.

[Sanabria] Fernandez announced the rupture. He probably had a chance to ponder his decision and we will all support him. We will continue with our congressional duties.

[Reporter] As an opposition?

[Sanabria] No, we will continue with our congressional duties.

[Reporter] With the opposition?

[Sanabria] No, it is not necessary to be in the opposition to carry out congressional control measures. According to the constitution every congressman has an obligation to check the actions of the executive branch, and this is what we will do.

[Reporter] Why is your party leaving the coalition?

[Sanabria] I don't know all the details. There are probably some disagreements between Max Fernandez and the president basically related to the coca growers, the miners, the social problems, and the government's lack of action in dealing with the problem of unemployment and poverty in our country.

[Reporter] Is there pressure to get appointments in the congressional committees?

[Sanabria] There is no pressure to get positions in the committees; appointments are discussed and then voted on. We have not even reached an agreement on how many committees we will have, so there is no reason to talk about positions. [end recording]

The three deputies did not even get inside the presidential residence after they learned that just a few minutes before Max Fernandez announced the rupture between the UCS and the MNR. Today is a difficult day for the government. This is the 11th crisis between Max Fernandez and the MNR.

**Government Reaches Agreement With Coca Growers**

*PY2109182894 La Paz Radio Fides Network in Spanish 1100 GMT 21 Sep 94*

[Text] We have a report from the FIDES news agency indicating that the government and the Bolivian Labor Federation [COB] have reached an agreement that will put an end to the social problem of the coca growers, peasants, and farmers.

After long negotiations with the participation of Vice President Victor Hugo Cardenas, the government negotiators accepted most of the claims demanded by the coca growers and decided to accept the agreement reached last May by issuing an inter-ministerial resolution or supreme decree.

After this report was received at 0100 today, the difficult negotiations that began in the afternoon of 20 September continued. The issues related to the educational reform and the demands of the peasants who own small farms were preventing the conclusion of a final agreement. Peasant leader Evo Morales said that the coca growers obtained with the march what they wanted except the expulsion of the DEA agents and the additional forces sent to Chapare. Morales said: We recognize that the demand concerning the DEA is a political issue. He

explained the growers accepted the revision of Law 1008, the replacement of alternative development for an overall development program, the regulated marketing of coca, and the participation of the peasants in future projects.

Despite the fact that the reason for the 22-day march has practically been fulfilled, the coca growers of Chapare will not leave La Paz until all the points proposed by the COB have been fulfilled.

#### **Ministry Reviews Chapare Coca Production, Social Situation**

PY1909225794 La Paz PRESENCIA in Spanish  
5 Sep 94 p 5

[Text] La Paz, 4 Aug [as published] (ANF)—The Government Ministry has reported that some of Cochabamba's tropical and subtropical regions are running the risk of becoming "no man's land," and that some of the leaders of the coca growers and drug traffickers therefore have the intention of taking over those regions.

In an evaluation of the social, economic, and political situation of the Chapare region, Interior Under Secretary Hugo San Martin stressed that ambiguity can be perceived in a large portion of the population regarding the loss of traditional values.

He maintained that strange behavior can be noted, which in general terms does not favor national interests. Some sectors are demonstrating a mood of indifference and extreme tolerance when faced with the drug trafficking problem. He recalled that there were times when "the coca growers themselves informed the police when they had lost 1 kg of basic cocaine paste, when the drug was being sold on the streets of Shinahota."

"The government, its institutions, and the Bolivian people do not want to return to those evil times when the drug traffickers wanted to take over regions, and even the country," San Martin said, in justifying the operations of repression and interdiction against the traffickers in controlled substances.

He stressed that drug trafficking is linked to welfare, and that some of the population involved in the problem cannot perceive what is legal and what is illegal. He emphasized that during the coca production process an added value can be seen that some campesinos generate with the home production of cocaine paste.

He added that the campesinos act with the logic of individual interests, which affect the interests of the community to the extent that a tragedy is impending, which in the short term could provoke uncontrolled violence.

San Martin asked: Could it be that the COB [Bolivian Labor Confederation] sees a revolutionary in the coca grower? Could it be that the coca growers act in the interests of their own sector, and thus succumb to the tragedy of drug trafficking? Does the discourse that permeates society, in that the use of coca is traditional, maintain ties of solidarity to those opposed to capitalism and mercantilism?

He stressed that the individualization of production tasks exists in the Chapare, and that traditionalism has led to a rejection of any proposal for dialogue. They reject a negotiated solution to the conflicts, San Martin added, stressing that if the sacred coca leaf has to be defended, then "we would have to be speaking about the coca leaf of Yungas, and not the coca leaf of Chapare."

#### **Coca Growers Leader Against Legalizing Drugs**

PY2109203694 La Paz PRESENCIA in Spanish  
11 Sep 94 p 7

[Interview with coca grower leader Evo Morales by unidentified PRESENCIA reporter on 10 September—place not given]

[Text] [passage omitted] [PRESENCIA] Are the coca plantations increasing in Chapare?

[Morales] I would say the level is about the same; we have no true substitute for coca plantations. The best alternative is to substitute old plantations for new ones.

Some 26,000 hectares of plantations have been eradicated so far, what else can we do?...nothing. There is a lot of propaganda about banana and pineapple exports but packing bananas is more expensive than the bananas themselves so what can we do, make boxes or grow bananas? That is the state of affairs and USAID is aware of it.

[PRESENCIA] The government is beginning to admit that the Alternative Development Program has failed...

[Morales] The president has been very honest in admitting that the Alternative Development Project has failed. We said it was a failure on several occasions but nobody believed us. It should be determined why it failed. Is it a problem of embezzlement, red tape, or that the projects were not adequate?

I am sorry to say that we have good Bolivian experts, who were trained in the United States, but they have no decision-making powers. USAID always decides, and it could be said that sovereignty is not even respected in the technical field. If it were respected, the IBTA [Bolivian Institute of Agricultural and Livestock Technology] would make the decisions. Experts have told me that they are disappointed and do not want to continue working because USAID makes every decision. In other words the country does not enjoy political or technical sovereignty.

There is another issue that must be investigated. Labor union leaders know there is a PTJ [Judicial Technical Police] force to investigate crimes, and an attorney general's office. But there is nobody to investigate those responsible for embezzlement, those who have handled so much money, those who misused millions and millions of dollars especially on bureaucracy. They are responsible for the failure of the Alternative Development program.

[PRESENCIA] The government has also admitted that the U.S. policy is also aimed at the zero option.

[Morales] That was obvious from the moment the U.S. Embassy said the myth of the sacred coca leaf had to be eliminated. Now it maintains that 90 percent of the coca goes to Chapare. I would say 40 to 50 percent is obviously used for illegal purposes. We do not agree because in the Oruro and Potosi markets there are two kinds of coca: coca produced in Yungas and that produced in Chapare. This kind is cheaper and the one sold most.

This is an excuse used to militarize Chapare and to eliminate coca there. But do they really believe this is the way to eliminate drug trafficking? They will continue, and when there is no coca left in Chapare they will use coca produced in Yungas.

[PRESENCIA] At the other extreme, the president has proposed legalizing the use of drugs...

[Morales] I believe that is a Western solution that may work in that hemisphere. We cannot use that alternative because cocaine is not part of the Andean culture. We must not encourage the legalization of drugs. But we are determined to decriminalize coca.

Moreover, the economic disadvantages would be great if drugs were legalized. In the past we had "tin barons;" now we could have "cocaine barons." Some private businessmen would acquire drugs to export and they would set the prices.

[PRESENCIA] What needs to be done to make Alternative Development Programs successful?

[Morales] There needs to be a change. The subject must be handled without being subject to U.S. decisions, without a bilateral agreement, but with programs designed by the peasants. We believe a national debate would regard coca as a traditional agricultural product and not as an alien product. Coca is profitable. The Alternative Development Programs must be designed by Bolivians and not imposed. The government must guarantee prices for traditional goods. As long as the free import and free market policy prevails, I doubt any product in Chapare will cost more than coca. The fact that the government agrees to a free trade agreement makes me suspicious. With what product can we compete in neighboring countries or in North America? ...probably with coca...or quinoa, although in Canada I was given quinoa noodles to eat. [passage omitted]

[PRESENCIA] Do the peasants feel they enjoy Vice President Victor Hugo Cardenas' support?

[Morales] I am disappointed. I thought he would open a space for Quechua, Aymaras, and other indigenous communities. I thought he would stop repressions, but they started to repress us precisely when he was acting president. He is not a valid interlocutor for the indigenous people.

#### **Programs for Coca Eradication Reviewed**

PY2109212194 Cochabamba LOS TIEMPOS in Spanish 11 Sep 94 p A1, A9

[Text] La Paz (LOS TIEMPOS)—According to a secret document currently in the hands of President Gonzalo

Sanchez de Lozada, the coca-cocaine circuit generates an economic movement of more than \$600 million per year in Bolivia. He has invited all social, political, cultural, church, labor, and civilian sectors to discuss this topic as of 13 September.

The secret document was handed to the president just after he assumed the presidency. It states that the progress of the Alternative Development Program has been very limited, promises were not kept with the campesinos, and the appropriate use of the external and internal cooperation sources was not guaranteed.

The document adds that, with the exception of some projects, the Alternative Development Program spends up to 45 percent of its resources on bureaucracy, a figure termed unacceptable.

The document is a confidential study that the government used to define the coca policy that will be implemented by the current administration on the basis of the call for a national debate. The study states: "Financial resources have not been used appropriately, and the current mechanisms for interventions outlined by the government are based on a paternalistic state, whose bureaucratic apparatus is heavy and costly."

It also indicates that the Alternative Development Program "requires a change of focus over public intervention and a profound institutional and operational reorganization, and the participation of the farming community."

The coca problem has provoked a unique protest march by Chapare producers, and this in turn has provoked a series of reactions that range from police repression to a "deep internal scrutiny" by government authorities who admit the need to reformulate the antidrug policy, create a new strategy, and modify the obsolete Alternative Development Program.

Government Minister German Quiroga has highlighted on several occasions that coca—95 percent of which is used in drug trafficking—is an eminently economic problem. He said the "practical" policy of the United States to eradicate plantations without offering an Alternative Development Program will undoubtedly lead to serious social conflicts, the symptoms of which are already being felt through the protest march of the coca growers.

The government is trying to indicate, or make public opinion understand, that talking about coca means talking about cocaine, drug trafficking, and ultimately about repression and the dead letter implementation of the "draconian" Law No. 1008.

This policy may be changed because it is now understood that the solution to the coca problem is not the implementation of a renewed Alternative Development Program nor the modification of the antidrug law, but the drafting of a "new consensual national strategy for the antidrug fight." National social organizations and institutions and friendly countries that cooperate with alternative development must participate in an antidrug "political summit."

This process will begin on 13 September, an ill-omened date that is linked to evil events. Sanchez de Lozada will begin the round of talks with Catholic Church authorities, private businessmen, coca producers, COB [Bolivian labor Federation] leaders, members of the media, and members of other organizations. They will seek a common strategy to rectify, modify, or create a new national policy toward the problem of coca.

During the first days of his presidency, Sanchez de Lozada had a very nasty surprise when he heard of the decade-old failure of the Alternative Development Program. In its basic guidelines, the project sought the substitution of coca with other crops, and the improvement of the social infrastructure and services.

Between September 1987 and July 1993 26,033 hectares were eradicated. Coca plantations were believed to have totaled 56,123 hectares in 1987.

Only 46 percent of the 1987 estimate has been eradicated.

During the same period the country received \$156 million in U.S. aid under the Economic Recovery Program.

The secret document states that the eradication program has three problems: a: The limited effectiveness of institutional mechanisms for eradicating coca. [sentence as published]

Mechanisms to encourage participation by farmers have the following instruments: The construction of minor works; a mechanism for compensation "prior to" the eradication (which has limited application due to its recent implementation); and \$2,000 per hectare compensation paid by DIRECO [Coca Eradication Directorate] using Treasury resources.

The payment of \$500 per hectare compensation from the Agricultural Donation Fund, which was administrated by Agrocapital, was another mechanism. (This implied increasing from \$2,000 to \$2,500 the compensation paid directly to the farmer for coca eradication. It was paralyzed in 1993 for financial reasons).

It has been established that the size of area eradicated does not directly relate to the level of compensation, but to coca prices.

The goals set in the respective agreements were not achieved in 1991-1992 (under the former Patriotic Accord). Only 59.8 million of the 66 million [currency not specified] was received in 1991 because the goal of eradicating 7,000 hectares was not achieved.

In 1992, under the Economic Recovery Program, only 46.2 million of the 66 million [currency not specified] was received because only 4,626 hectares of coca were eradicated of the 5,400 demanded. By 28 July 1993, only 1,805 hectares (40 percent of what was demanded), 76 hectares of new plantations (15 percent of what is demanded), and 7,774 square meters of nursery space (39 percent of what is demanded) have been destroyed.

For the 1993-1994 period, the U.S. Government has a pending disbursement of \$20 million toward our balance of payments. This is being withheld because Bolivia has repeatedly failed to fulfill eradication goals and dates.

The last deadline agreed upon between Bolivia and the United States is 30 September. This will be difficult to achieve due to the slow pace of eradication and the social problems in Chapare.

#### **Official: Alternative Development Programs Have Failed**

*PY2109170094 La Paz PRESENCIA in Spanish  
7 Sep 94 p 5*

[Article by Delfin Arias V.]

[Text] Gaston Martinic, president of the National Alternative Development Fund (Fonadal), on 6 September confirmed what the government authorities had been denying: That the alternative development programs have failed due to a bureaucracy more occupied with creating posts and paying juicy salaries than in implementing a project that should have included the coca growers of the Chapare region.

Thus, the authorities supported the disastrous situation of these programs that were financed by international organizations. And, this fact was revealed by President Gonzalo Sanchez de Lozada himself on 5 September.

The authority that was consulted by two journalists stressed that "the maintenance of a bureaucratic apparatus is another factor that determined the failure of alternative development, and this is why we have made important structural changes.... It was not only a bureaucracy; it was a factory for salaries."

The authority indicated that the \$207 million that should have presumably converted, to a large degree, the cocaine economy in the Chapare region was not used due to an inoperative bureaucracy that improvised a lot of projects whose drafting and implementation totally excluded the coca growers.

"This is why we have made important structural adjustments, including a 50 percent reduction of the personnel of IBTA Chapare [Bolivian Institute of Agricultural and Livestock Technology], 60 percent of the personnel of Fonadal, and 40 percent of the personnel of PDAR [expansion unknown]," Martinic stressed.

He indicated that the bureaucratic apparatus was so large that important sums of money were used to train "volunteers," a type of technical adviser, an expenditure that could have been avoided.

"This work is now in the hands of institutions that are qualified in technical assistance. I will explain. The bureaucracy was so large that it had volunteers on a contract and a salary basis, and they used vehicles and fuel, but this has now come to an end, and this is why we have contracted qualified institutions," he stressed

Asked about the other factors that determined the failure of the alternative development programs, Martinic outlined the following:

1. There was a limited participation of the coca growers in the alternative development programs.
2. Duplication and dispersion of the programs and resources.
3. Atomization of the programs of the productive projects that were implemented in the coca producing area.
4. Inadequate efforts in seeking mechanisms for the commercialization of the primary production of the Chapare region.
5. Conflict of interests regarding the development policy as related to a market economy.
6. The exclusion of farmers in the Chapare region who do not grow coca.

Within this context, the authority explained that the funds that the country received during the past 10 years came mainly from the U.S. Agency for International Development (USAID), European nations, and through the United Nations.

He indicated that, of the \$207 million invested in the Chapare region, approximately \$124.2 million was disbursed by USAID and \$82.8 million by the EU.

This notwithstanding, Martinic indicated that despite what has happened, valuable experience was gained from the alternative development programs that were implemented, and this experience will be taken advantage of in the immediate future with the Overall Development Plan for the Chapare region, which the coca producers have insistently demanded.

He maintained that currently some programs have made a significant advance, and he cited the growing of bananas, citrus plants, pineapple, black pepper, hearts of palms, passionflower, pastures, and subsistence crops that involve a total of 44,000 hectares. "This figure surpasses by 30 percent the 32,900 hectares of coca. The income that the campesinos obtained from the alternative products amounted to \$14 million in 1993," he added.

He also indicated that in the Yungas region of La Paz Department there is an excess of 1,100 hectares of coca plants. Law No. 1,008 only authorizes 12,000 hectares for legal use.

Martinic maintained that the current government has as a priority the success of the alternative development programs and the effective and direct participation of the coca producers.

"The producers must be the true protagonists of alternative development in the region. They may have been simple spectators in the past," he said.

Within this context, he indicated that alternative development should always have been based on cooperation and not on the imposing of the decisions of a bureaucracy that had no knowledge of the reality of the farmers.

He maintained that the government currently has \$21 million that will be invested after an agreement has been reached with the coca producers.

He also stated that regarding the commitment to eradicate 5,500 hectares of coca plantations that was made to the United States Government, only 3,016 hectares have been eliminated up to 31 August, but he expressed his optimism that the figure will be reached by 31 December, and he confirmed that the goal will not be reached by 30 September.

"We have reduced 16,206 square meters, and we still have to reduce another 3,794 to achieve the 20,000 square meters that we promised to eradicate, but under this policy of opening a dialogue with the coca leaders and with instructions that we have to obtain a voluntary reduction, we hope to achieve these goals by December 1994," he said. The opportunity has come to replace imposition with agreement.

#### UN Official Disputes 'Failure' of Programs

PY2109185494 Santa Cruz EL MUNDO in Spanish  
7 Sep 94 p 3

[Text] La Paz (ANF)—Sandro Calvani, representative of the UN Organization for the International Control of Drugs, has refuted the assertion that alternative development in Bolivia "has been a failure," and he stressed that he has the evidence to prove it.

He believes that there are certain ways in which the information on the antidrug fight is reflected that in essence favor drug trafficking because it does not contain the truth about alternative development, "which is certainly advancing."

"It is sufficient to read some of the most important newspapers with headlines that stress that alternative development has failed, and this is not true. In view of the fact that in Bolivia there are no professionals who publish lies just to publish lies, it can be interpreted that it is a question of an advertisement that has been paid for," Calvani said in an interview with ANF on 27 August in Chimore.

The diplomat referred to several chronicles, opinions, and news items that mention statements by coca leader Evo Morales and other COB [Bolivian Labor Federation] leaders indicating that the alternative development in the country is "a complete failure."

Calvani insists that "the antinarcotics fight is a struggle, and in any type of struggle there is an enemy, while the development programs do not have any enemies because no one opposes vaccines for children, the building of roads, or the drilling of wells."

"In a struggle there is always an enemy, and it is obvious that he will defend himself, and in this case it is drug trafficking. And, it is defending itself well because it has a strong interest in Bolivia, since it is the second producer of coca leaf and cocaine," he added. He then stressed that "it is obvious that drug trafficking is always

ready to adopt any type of measure (because) it has a lot of money (and) it distributes it, probably to those that it can buy."

Referring to the frequent information about the "failure of alternative development," Calvani stressed that he has seen that "some journalists have written very strange and false reports that, after we have spoken with them, lead to the conclusion that they knew the information was false. In that case, someone has paid them."

The same can happen with the campesino leaders, he indicated when pointing out that some months ago in Cochabamba, when an international delegation arrived to evaluate the Chapare region programs, two campesino leaders stressed that they had never heard of alternative development.

This notwithstanding, he pointed out that in the tropical region the United Nations has carried out 42 tasks that include water wells, thousands and thousands of kilometers of electrification systems, roads, schools, and other infrastructure projects.

"This goes to show that the fight sometimes uses false arguments to indicate that alternative development is not working. We have the evidence that says that it does work; that the campesinos who grow coca also grow bananas, pineapple, and other crops; and that they obtain a good income."

"Of course, the campesinos are no fools, and they are not going to give up their coca; moreover, even though it is illegal, there is no way to oblige them to reduce their coca plantations," Calvani said.

The international official points out that the struggle against drug trafficking has a clean component—alternative development—and a dirty component involving the need for force to convince people that the law must be respected.

#### **Armed Forces Commander: Drug Trafficking Increasing**

*PY2109191894 Santa Cruz EL MUNDO in Spanish 12 Sep 94 national section p 2*

[Text] La Paz, 11 Sep (ANF)—According to Armed Forces Commander General Fernando Sanjines Yanez, drug trafficking and its consequences in Bolivia are growing without limits. The government believes, however, that drug trafficking has been reduced considerably with the "New Dawn" operation.

General Sanjines expressed the Armed Forces concern in the sense that drug trafficking is undermining the physical and moral health of the community "with serious risks for youth as a result of the unlimited growth of illegal drug trafficking."

The Government Ministry said, however, that the "New Dawn" operation broke the back of illegal drug trafficking in Bolivia to the point that "drug trafficking has been losing from \$15 to \$20 million weekly in the past approximately two months because it has been strangled by the special forces."

Hugo San Martin, national secretary of interior affairs and police, said there are strong interests, opposed to the country's interest, attempting to make the "New Dawn" operation fail because it considerably affects drug trafficking and its intermediate lines that operate in the Cochabamba tropical region.

During the Rio Group meeting in Rio de Janeiro, President Sanchez de Lozada said: "The most important mission should be to make it understood that this (drug trafficking) is not an exclusive problem of producers, consumers, or those who provide precursors, but of everyone involved."

He also said that in Bolivia, the combined strategies and the persecution of the mafia had an initial success "but it is wearing down."

It is known that the Armed Forces commander receives permanent reports from liaison officers of the Army, Air Force, and Navy who make up the joint command of the Special Antinarcotics Force [FELCN].

General Sanjines explained that the FELCN obtains cooperation from the Armed Forces through a specialized task force.

He added: "It receives logistical, communications, and transportation support for backing the operations of the units that enforce the law, particularly against the criminals who operate in drug trafficking activities."

#### **'Significant' Coca Plantation Increase Reported**

*PY2109185094 Cochabamba LOS TIEMPOS in Spanish 11 Sep 94 p 1*

[Text] La Paz—The Social Defense Secretariat today reported a "significant" increase in coca plantations in the country, and noted that various zones in the interior were beginning to be used as "optimum lots" for coca cultivation.

Alternative Development Under Secretary Enrique Ugalde said that there are currently nearly 37,000 hectares of illegal coca plantations in Bolivia.

Ugalde reported that the main coca producing zone, the Chapare Sub-Tropical Region, is not the only area currently dedicated to the illegal plantation of coca leaf. Other areas in the north of the country have become new raw material supply centers for the production of cocaine.

Ugalde identified the Apolo region, in northern La Paz Department, and the southeast of Beni Department as regions where "new lots" were opened for the production of coca leaf.

"We have the responsibility and the historic duty to eradicate the large plantations of coca leaf if we do not want to confront problems such as those facing Colombia or Peru," Ugalde said.

Official reports revealed in the past few days that nearly 3,016 hectares of coca leaf were eradicated between 31

December 1993 and 28 August 1994 out of the total of 5,500 hectares classified as "illegal" in Bolivia.

According to the alternative development under secretary, out of the 35,000 hectares of coca leaf that existed five years ago "a minimum number of hectares" of illegal plantations have been eradicated.

#### **Human Rights Society Blames State for Violations**

*PY2109190594 La Paz PRESENCIA in Spanish 11 Sep 94 Economic Section p 2*

[Article by Ramiro Calasic]

[Text] Waldo Albarracin, president of the Bolivian Permanent Human Rights Assembly, APDHB, has denounced the state for using the pretext of fighting drug trafficking to violate all rights. It makes illegal arrests and, in many cases, it tortures people.

Even worse, state security organizations, the Special Antinarcotics Force, FELCN, and the CEIP [expansion unknown] violate the law using the argument that it would be impossible to conduct any investigation if they have to respect constitutional norms.

What happens, Albarracin says, is that the police have inverted their true function. "It is not an instrument created to protect society. It is a clearly repressive organ."

According to Albarracin, those who think that human rights violations end with illegal arrests or random torture are wrong. The nightmare begins there.

"The judicial power has created a mercantilistic justice system. The largest part of the population lacks money. They do not know the taste of justice, either," Albarracin says.

What is worse, institutions created to defend society, such as the Attorney General's Office, do not really fulfill their function. On the contrary, they have become an executive branch annex.

"The violation of individual rights is a long chain that starts with an illegal arrest, and continues through torture, extortion, and negligence on the part of the prosecutor's office. It touches the judge who legalizes the act and continues through a path of retardation and the hell of penal institutions."

A total of 85 percent of all inmates are detainees who have not been sentenced.

The violation of human rights continues in jail, where the inmate has to face corrupt mechanisms and lack of human infrastructure, and where he is subjected to a system that perpetuates detention.

The problems of discrimination against women, domestic violence, and abandonment of children have not been adequately addressed. The state only talks about the problem. "It does not propose solutions."

The right to work, to a just salary, social security, and health and the right to life have been seriously affected by the application of current economic policies, Albarracin says.

He added that the Permanent People's Tribunal condemned IMF and World Bank policies as crimes against humanity "due to their social effect around the world."

Albarracin said that in Latin America most human rights violations are caused by the marginality affecting the majority of the population. We are talking about democratic regimes that are "formal more than real." Latin American veins continue to be open and bleeding.

"Representative democracy developed into a system that aims at preserving the interests of a small group of representatives who only work for their own interests."

Albarracin explains that Latin American regimes, particularly the Bolivian regime, are not democratic in the strict sense of the word "because there are representation mechanisms, but not measures permitting people's participation and consultation of citizens."

#### **Brazil**

#### **Article Views Implications of Haitian Accord**

*PY2109234794 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Sep 94 p 4*

[Editorial: "Constructive Negotiations"]

[Text] The agreements that seek greater integration among Latin America, the Caribbean, and the United States—which culminate with the Summit of the Americas in Miami in December—will be much more productive if the negotiated settlement in Haiti is implemented as planned; constructively and free of major incidents.

Let us recall that nearly all the heads of state at the recent Rio Group meeting clearly stated that if the United States and a few countries were to control Haiti through the use of force—like the invasion of Panama and Grenada—there would be little room for negotiations at the Miami summit, which will gather all the democratically elected presidents of the Western Hemisphere.

Fortunately, President Bill Clinton decided to send a mission headed by former President Jimmy Carter and comprising General Colin Powell, a former chairman of the Joint Chiefs of Staff, and Senator Sam Nunn (Democrat-Georgia) as a last-ditch effort to peacefully resolve a conflict that was deemed inevitable. Carter's prowess as a negotiator had already been seen when he undertook—alone—the task of meeting the leaders of the ROK and DPRK to hammer out an agreement on the nuclear issue, and managed to wrest concessions from Pyongyang. Carter went to Haiti on an official mission with precise instructions to convince the Haitian military men to step down from power and to allow the reinstatement of President Jean-Bertrand Aristide, who was ousted some months after his inauguration. It is astounding that just 17 hours of negotiations were needed for Carter and his delegation to successfully complete their mission through an agreement that was acceptable to both parties.

It says a lot for Jimmy Carter's qualities as a statesman—or "elder statesman" [previous two words in English] as

the Americans say—to have eliminated this pocket of dissension. The move has also greatly strengthened the Clinton administration's stance on foreign policy. Accused of indecision and of implementing an unclear political strategy for the post-Cold War era, the U.S. President obtained what he wanted. The military and civilian elite that support General Raoul Cedras' regime must leave Haiti by 15 October under a general amnesty and without further ado. U.S. troops have already landed.

This intervention seeks to reestablish law and order in Haiti until Aristide is reinstated as president. Nevertheless, it all leads one to conclude that the U.S. intervention will last a long time even if Haiti manages to do without the U.S. military support in the short term. Tacitly, the United States has assumed the commitment of helping the new administration to restructure the whole apparatus of government, rebuild the country's economy by attracting investments, and implement long-lasting social programs in the poorest country in the hemisphere.

For Washington, this is a reasonable price to pay. As public opinion polls showed, armed intervention in Haiti was highly unpopular among Americans. Moreover, the retooling of industries that use cheap labor in Haiti and an increase in tourism will help to stem the flow of Haitian immigrants who flock to the United States, giving rise to a problem that is virtually out of hand.

Latin American countries can not object to the agreement since it managed to preclude a real "big stick" [previous two words in English] invasion which would have deeply hurt the pride of the peoples of the continent. The Clinton administration has indicated that it prefers to settle pending international questions through negotiation. It should be recalled that Washington and Havana have also worked out an agreement on the indiscriminate immigration of Cubans into the United States.

Consequently, it is reasonable to presume that the political agenda to be broached at the Summit of the Americas will seek to promote the democratization of the countries of the hemisphere which still cling to authoritarianism.

#### **Daily Reviews Haitian Situation, U.S. 'Inconsistencies'**

PY2109223994 Sao Paulo O ESTADO DE SAO  
PAULO in Portuguese 20 Sep 94 p A3

[From the "Notes and Information" page: "A Victory for Diplomacy"]

[Text] The Governors Island agreement (signed a year ago by members of the Haitian Board and U.S. representatives) is very similar to the terms agreed by the generals of the Haitian Board and the commission led by former U.S. President Jimmy Carter. The only real difference is that President Jean Bertrand Aristide

cannot spoil everything this time by turning the promise of broad amnesty into a weapon against coup-making military men. If the problem was amnesty and the way to grant it, and if the United States yielded to Haitian demands, why was Aristide allowed to spoil an agreement that could have ended the tragedy of that country a year ago? The answer is not simple. It involves the way in which President Clinton and his advisers regard the new configuration of the international system, the type of game they think they can play at the United Nations Security Council, the weight they attach to domestic factors for formulating U.S. foreign policy, the additional power that some pressure groups—including the Black Caucus in Congress—have gained from those viewpoints, and the political ambitions of the ousted president.

One factor was decisive in prolonging the suffering of the Haitian people for another year. In addition to relying on domestic factors, the foreign policy of the Clinton administration is shaped by ideas—not values—ideas. One of them is democracy. For the purpose of Washington's policy, democracy is not a value to be defended and disseminated, it is an idea that serves elaborations that disguise national interests. Democracy thus passes to the superficial plan of ideas which, once proposed, should be cherished and adopted—universally, if possible—in a way that does not necessarily link the idea to the deep values which reflect moral practices and which take their roots in political life. It is this peculiar vision which has permitted the Clinton administration to perceive, for example, a market economy in China, respect for human rights in Saudi Arabia, and democracy in the person of Mr. Jean Bertrand Aristide. The idea of a free market, human rights, and democracy have been considered historically inevitable and have replaced the values of a free market, human rights, and democracy. This interpretation allowed the U.S. Government to write in a major official document a promise to defend the "democracy of the market," although it cannot even define this concept.

For President Clinton, the return of Jean Bertrand Aristide to the government palace in Port-au-Prince means the return of democracy to Haiti. It does not matter that democracy has never existed in Haiti: Aristide and democracy are inseparable terms in the same equation. It is important to note that this mistake is endemic to the White House. While President Clinton always said the objective of the invasion was to restore democracy, the three special envoys always insisted that the objective of their mission was to eliminate the military risks of an invasion, to establish the conditions for the return of President Jean Bertrand Aristide, and to give democracy a chance to develop in Haiti.

Jimmy Carter, Colin Powell, and Sam Nunn have emerged as the heroes, while Clinton and Aristide have been relegated to a second or third level. The problem is that the U.S. President is the executor of the United Nations mandate and as such—aside from returning the ousted president to his post—does not know what to do

to establish democracy in Haiti. Contrary to Clinton, Senator Sam Nunn clearly realizes that this is a battle that can be easily won and a war that can be easily lost. The Democratic Party senator has demanded more precise definitions of U.S. objectives and of the objectives of the coalition in Haiti because he knows that without the prior establishment of sound institutions backed by a self-supporting economy and a balanced social system, democracy will not develop in that country. These conditions cannot be met in just a few months, and much less if imposed by foreigners. The United States knows this. Its troops and enterprises remained in Haiti for 19 years, and the only result of what they did is the bitter taste of foreign intervention.

The dangers of a sudden invasion, with U.S. and Haitian dead, were avoided. Yet the problem which Haiti has become, thanks to the political inconsistencies of the Democrat administration, has just begun. So far, only the cases of Aristide and the Board members have been resolved. The freeze on their bank accounts has been lifted, and they can stay or go wherever they want. Still pending is the construction of a nation and a state where there are only factions and chaos. In this undertaking, the United States should devote the same efforts—in talent and money—that it devoted to the invasion project.

#### **Amorim, Uruguayan Foreign Minister Meet in Pelotas**

PY2109234494 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Sep 94 p 3

[Text] Brazilian Foreign Minister Celso Amorim and Uruguayan Foreign Minister Sergio Abreu Bonilla yesterday signed agreements in Pelotas, 270 km from Porto Alegre. The agreements improve ties between the two countries in light of the agreement that creates the Common Market of the South (Mercosur).

The news agency AGENCIA BRASIL states that one agreement foresees the construction of a bridge linking Herval in Brazil with Cerro Largo in Uruguay.

During yesterday's meeting at the Federal University of Pelotas, the two countries agreed to clean up the waters of the Chui stream on the border between the two countries. The polluted waters of the stream flow into the Atlantic Ocean, also polluting the beaches of the region. Sewage treatment plants will be built on both banks.

#### **Coffee Exporters Urge End of Additional EU Taxes**

PY2209011994 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 21 Sep 94

[Report by Alana Gandra from Rio de Janeiro]

[Text] Coffee exporters have called for the end of the 4 percent additional coffee tax imposed by the EU.

(Jair Koser), president of the Brazilian Coffee Exporters Federation, Febec, explained that the additional tax increases the price of Brazilian coffee and thus benefits

other coffee producers—like Colombia, and African and Central American countries—which are exempt from this additional tax.

The discriminatory tax imposed on Brazil increases the price of Brazilian coffee abroad by \$10 per sack. The Febec reports that this is the right moment for Brazil to end this additional tax because the worldwide coffee shortage has increased the need for importing countries to find coffee to buy.

The EU also charges the additional coffee tax on imports from India, Mexico, and Indonesia. Coffee from these four countries accounts for 24 percent of all coffee sold to the European market.

#### **Minister Replaced Due to Pro-Cardoso Stance**

PY2109195294 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Sep 94 p 1

[Article by Cesar Felicio]

[Excerpts] Brasilia—The election campaign has once again resulted in another victim in the Itamar Franco administration. Mines and Energy Minister Alexis Stepanenko, personal friend of President Franco, has been accused of using the government apparatus in favor of candidate Fernando Henrique Cardoso. He therefore tendered his resignation, which was immediately accepted by the president. President Franco has temporarily appointed Mines and Energy Secretary Delcidio Amaral Gomez, to replace Stepanenko. [passage omitted]

Interim Minister Delcidio Gomez has good possibilities of remaining in his post permanently, given that President Franco's mandate finishes in 133 days. Without ever having been a member of any political party, Gomez, 39, from Mato Grosso, is an engineer from Eletronorte [Northern Brazilian Electric Power Plants, Inc.]. [passage omitted]

#### **Conclusions of Congress Against Drug Abuse**

PY2209005994 Sao Paulo AGENCIA ESTADO in Portuguese 2322 GMT 20 Sep 94

[Text] Brasilia, 20 Sep (AE)—The "First Brazilian Congress for the Prevention of Drug Abuse" has drafted the "Letter of Belo Horizonte." It reports that about 25 percent of Brazilian youths use drugs. In some capitals it surpasses 30 percent. It was confirmed that [passage indistinct] of addicts. Some 9 to 12 year old children are addicts. Another important point expressed by those who attended the Congress—representatives of presidential candidates and of the United Nations, and ambassadors and ministers of several nations—is that 25.4 percent of addicts are from 11 to 18 years old.

Debating matters related to prevention of drug abuse, the specialists unanimously agreed that initiatives and attitudes of government authorities in the area have been weak and insufficient, and considered the following provisions essential and urgent:

- **Updating Existing Legislation:** The current antidrug law was approved in 1976. It is an 18-year old law that is obsolete and outdated in various aspects. It must be updated. Congress is debating three bills to regulate drug consumption in Brazil.
- **Strict Enforcement of Current Laws:** There has been no political will to enforce the Constitutional provisions that foresee the expropriation of land for agrarian reform purposes—in areas where psychotropic drug plantations (marijuana and coca) were found—and with confiscation of traffickers' assets. Six years after the approval of the Constitution, only three ranches have been confiscated and a few vehicles auctioned. We should hit traffickers in their most sensitive point: their pockets.
- **Strengthening the National Narcotics Secretariat:** This is the largest executive organ in the system. It must be strengthened so that it can expeditiously and efficiently implement the national drug enforcement policy within the Federal Narcotics Council regulations.
- **Immediate Implementation of Educational Programs on Drugs in Public and Private Schools, at the Elementary and Secondary Levels:** Programs should be included in Science and Biology courses, with strongly scientific emphasis, without being dramatic, sensational, horrific, or moral because youths accept the language of science. However, before educating our children, we must educate our teachers.
- **International Exchange:** There is pressing need to provide the Narcotics Department of the Federal Police with human and material resources, urgently opening a public call for applicants to increase its personnel from 500 to at least 1,000. [as received]
- **AIDS/Drug Abuse Relationship:** The delegates unanimously noted that injectable drug consumers constitute one of the groups with the worst risk of AIDS contamination. The delegates stated that it is important to hold a broader debate on a resolution by the Health Ministry and the Federal Narcotics Council, which ordered the provision of disposable sterilized syringes to injectable drug consumers in order to minimize the risk of AIDS contamination.
- **Drugs: Legalization, or Liberation?:** The delegates agreed it is necessary to propose the liberalization of the law with regard to drug consumers; to maintain penalties but without imprisonment for non-traffickers.
- **Legal Drugs: Alcohol, Tobacco and Medicines:** The delegates unanimously advocated stricter supervision of the sale of medicines, and the strengthening of the National Health Control Secretariat.
- **Treatment, Recuperation, and Social Reintegration:** The delegates considered it essential to include alcoholism and dependence on other drugs in the official system for treatment of the Unified Health System, so that patients suffering from that pathology have access to official treatment in health institutions.

## Chile

### New Interior Minister Explains Cabinet Changes

PY2109150294 Santiago Television Nacional de Chile  
Imagen Internacional in Spanish 0100 GMT 21 Sep 94

[Interview with newly designated Interior Minister Carlos Figueroa at station studio by Cecilia Serrano—live]

[Text] [Serrano] Good evening, Minister Carlos Figueroa, and thank you for being here with us tonight.

[Figueroa] Good evening, Cecilia.

[Serrano] Obviously a cabinet reshuffle means changes in the government, and in this case, changes you will be heading. What are the changes the people will feel most in this new stage the government is initiating?

[Figueroa] Well, the president this morning said, during the swearing-in ceremony, that a stage has been fulfilled. A stage has been fulfilled with the cooperation of the ministers who are now leaving the cabinet. These changes will help us set the priorities for the government tasks in the future. I would say this is the objective. A stage has been fulfilled and now we have the challenge of facing a new one, when the essential priority will be to fight poverty and, along with this, to promote education, investment in infrastructure, internationalization of the economy, and the improvement of the country's productivity and competitiveness. These are the objectives which the new members of the team will focus their efforts upon, beginning today.

[Serrano] But Minister, these tasks were outlined by the president from the very beginning. Then, what will be the focus now with these changes...

[Figueroa, interrupting] No. There is a different emphasis on the tasks. The program is much broader now. The 21 May message by the president of the Republic includes six important tasks, but the finance minister's speech includes a clear definition of the objectives on which the government effort will be focused. I would say that the team chosen by the president will decisively and clearly face the priorities that are closely related to the needs of the people and to the country's aspirations.

[Serrano] Minister, there are also rumors that some intendants and regional secretaries will be changed. What can you tell us about this?

[Figueroa] No. There is absolutely nothing along these lines.

[Serrano] Concerning the withdrawal of Minister German Correa, what happened? In your opinion, did the Socialist Party fail or did German Correa fail?

[Figueroa] No, neither the Socialist Party nor German Correa have failed. The Socialist Party is an important protagonist in the government coalition and it is still playing an outstanding role in government tasks, especially with the appointment of Jose Miguel Insulza as

new foreign minister. No one can deny that it is one of the most important ministries within the cabinet, which also includes two important members of the Socialist Party—Marcelo Schilling and Jaime Perez de Arce as under secretaries of regional development and of education, the number one priority established by the government. Thus, the Socialist Party has not failed, and neither has German Correa. Correa was a great collaborator with the president. I had an opportunity to work with him within the political team. As he recently said on television, he has put all his capacity and effort into that job, and we must all admit that.

[Serrano] Who removed him from the job, then?

[Figueroa] It is essentially a presidential decision.

[Serrano] Did you know beforehand when this cabinet reshuffle would take place or who would be changed, because people claim that you were the only one who knew about it?

[Figueroa] No. That is not so. The president of the Republic has handled this situation personally and with great reservations. If it weren't for a report that leaked out, the nation and the ministers who were called to a meeting this morning would not have learned about it until today.

[Serrano] Although you say that the Socialist Party is represented in other government circles, surely the Interior Ministry is the most important within the cabinet. Could this mean a possible weakening of the Socialist Party within the coalition, and if so, what do you think the government was expecting to happen?

[Figueroa] No, I do not think so. The Interior Ministry is just like the other ministries. Of course it has a greater political importance, but it also has specific tasks, and I repeat, the Socialist Party has an important representation within the government. I just heard Deputy Escalona, president of the Socialist Party, reaffirm his support of the coalition. But I do think that these changes are important to carry out the tasks we have ahead of us.

[Serrano] Minister, we want to thank you for having been with us tonight to clearly explain the significance of these changes within the ministerial cabinet.

[Figueroa] Thank you, and good night.

[Serrano] Good night, Minister.

**Cabinet Changes Seen as Increasing Frei's Power**  
*PY2209030594 Madrid EFE in Spanish 0706 GMT  
21 Sep 94*

[By Patricio Vargas]

[Text] Santiago, 21 Sep (EFE)—The reshuffle of four ministers in the Chilean Government, including the removal of Interior Minister German Correa, implies a heavy blow for the socialists, while it strengthens President Eduardo Frei's personal circle, as Carlos Figueroa became the new interior minister.

Local political observers pointed out that although the loss of the Interior Ministry was compensated by the promotion of Foreign Ministry Under Secretary Jose Miguel Insulza, a socialist, to the rank of minister, for the socialists it did not mean the re-establishment of a balance.

The new interior minister, of the Christian Democratic Party, same as the president of the nation, was the former foreign minister and is a member of the so-called political "troika" of ministers who not only are members of Frei's party but also profess a friendship of many years.

Figueroa, together with Minister Secretary General of Government Genaro Arriagada and Defense Minister Edmundo Perez Yoma are President Frei's strongest supporters in the government that was installed on 11 March 1994.

In addition to being the chief of cabinet and to giving political leadership to the government, the interior minister also acts as vice president when the president of the Republic is absent from the nation.

German Correa, a member of the socialist party (PS), twice held the vice presidency of the nation, something which has not happened since the 1973 military coup, and for this reason his presence in this post has had a symbolic and historical significance for the socialists.

The disappointment has been reflected in the statement issued by the socialist party's political committee read by Deputy Camilo Escalona, in which the PS states that "there aren't sufficient elements to justify the withdrawal of German Correa from the Interior Ministry."

Although the PS has said that in its role as party member of the ruling Coalition of Parties for Democracy it accepted the presidential decision, it explained that "the procedure that was used conveys doubts about the decisionmaking methods and about the respect for the pluralist nature and the diversity of the coalition."

According to the PS, German Correa's management was "exposed to a set of difficulties that were beyond his own desires and beyond his capacity to solve them."

The local press has recalled three of the problems Correa had to face during his six months and nine days in office: first, disagreements with the carabineros militarized police over the judicial ruling against Carabineros Director Rodolfo Stange, who was accused by a judge of thwarting justice in the investigation of the murder of three communist leaders in 1985, an accusation which was finally rejected by the Supreme Court; second, the public disagreement with his subordinate, the regional development under secretary, Christian Democrat Jorge Rodriguez, who criticized senators of the right because of a discussion on a bill on municipal income, and although he was unauthorized by the minister, he has kept his word; and finally, there were the incidents during the commemoration of the 21st anniversary of the military coup on 11 September, when 171 people

were injured. On that occasion, the denial of an authorization for a march of human rights organizations and leftist groups, such as the Communist Party, on the side of La Moneda Presidential Palace, prompted the resignation of Santiago intendante (regional governor), Christian Democrat Fernando Castillo Velasco.

Although this situation was publicly handled by Interior Under Secretary and Minister Belisario Velasco, member of the Christian Democratic Party, while President Frei was traveling to Brazil to attend the Rio Group summit, the political costs were imposed on Correa in his role as vice president of the nation.

### Opposition Leaders Comment

PY2209014894 Santiago Television Nacional de Chile  
Imagen Internacional in Spanish 1800 GMT 21 Sep 94

[All speakers identified by screen caption]

[Text] The Christian Democratic Party [PDC] has expressed its conviction that after the cabinet reshuffle, its ties with the Socialist Party [PS] will continue to be excellent.

The PS has criticized President Frei's decision, specifically German Correa's removal from the Interior Ministry, and has stated that there are doubts about the pluralistic nature of the Coalition of Parties for Democracy [CPPD]

PDC President Alejandro Foxley believes that a cabinet change was necessary and hopes there will be no conflicts with his PS allies.

[Begin Foxley recording] I will not harm them. I will promote optimum ties and I will always be willing and available at any time to meet with them to iron out any problems that may arise.

The PDC-PS agreement is a key factor for the success of this administration and for the future of the CPPD. [end recording]

Meanwhile UDI [Independent Democratic Union] members stated that as a result of the cabinet reshuffle, the administration should prioritize social and economic issues.

[Begin recording] [UDI Senator Hernan Larrain] We believe there is a need to revise the debate process on the constitutional reform because it is alienated from the true concerns of the people. This is part of the reason for the failure of the political team that up to now was heading the cabinet.

[National Renewal President Andres Allamand] We believe that the proper thing to do now is to prioritize socioeconomic issues and reorganize and promote an institutional agenda. [end recording]

### New Minister Secretary General Interviewed

PY2109200994 Santiago Television Nacional de Chile  
Imagen Internacional in Spanish 1100 GMT 21 Sep 94

[Interview with Jose Joaquín Brunner, newly appointed minister secretary general of the government by Alejandro Guillen—live]

[Text] [Guillen] Good morning, Minister.

[Brunner] Good morning.

[Guillen] It could be said that the cabinet now has a sociologist too.

[Brunner] That is right. One of the current cabinet members is a sociologist. The truth is that lately I have been involved in academic as well as public activities and I am very satisfied with this new appointment.

[Guillen] Now then, you are more of an intellectual than a politician. Do you feel comfortable being in charge of the government's communications?

[Brunner] I feel very comfortable being part of the government team and with the tasks that lie ahead of it. I believe that currently, academic and technical activities are more and more linked to politics and politics increasingly requires a very important technical component. Therefore, I believe they are perfectly compatible.

[Guillen] Tell us, then, when did you find out you had been appointed minister? At least your appointment took the media by surprise because your name had not even been mentioned.

[Brunner] I do not think any names were leaked. This was a very private decision on the part of the president of the Republic, as this sort of change usually is. I, personally, learned about it over the weekend. The president invited me to a formal meeting with him yesterday morning before the changes were announced.

[Guillen] Were you very surprised?

[Brunner] I was surprised despite the fact, as I have already told you, that during these past years I have been involved in various public activities together with the government in the education as well as the communications field, through the National Television Council. It is always a surprise to be appointed minister. But I have been carrying out public duties for several years.

[Guillen] I presume the president gave you some instructions regarding this new phase. How are you going to tackle the communications issue?

[Brunner] I believe that the most important thing is that communications play an important role at the service of the modernization the government is promoting in the education, health, and justice fields. I believe that each and every one of these tasks really requires a comprehensive change of perspective and mentality, a cultural change. In this sense, communications, not as a means for dissemination or mere propaganda purposes, but as a tool for consensus, is an essential mechanism for government policies. I hope to conduct the ministry's actions in that direction.

[Guillen] The president has also talked about a new phase to which the interior minister referred during an interview last night. But what will this new phase focus on, in particular? Will education continue to be the key issue?

[Brunner] I believe the president yesterday said that education, infrastructure, and increasing productivity—which entails a constant effort to ensure growth—were the priority issues. Now then, these priority issues, taken as a whole, are essential to overcome extreme poverty before the year 2000 and to be able to lead Chile into the 21st century with a real capacity to join the international arena and continue to grow. I believe these priorities have been clearly established and that their hasty materialization is what the president refers to as the new phase. In other words, he wants the entire government team and the society, as a whole, in a state of alert to be able to carry out these tasks.

[Guillen] The Socialists were not happy. Although they have accepted the president's decision, they regret the way former Interior Minister German Rodríguez Correa was treated and the surprising changes. How are you going to handle this subject within the cabinet, because, after all, you are in charge of handling communications regarding these possible lingering wounds?

[Brunner] Essentially, I do not think there are any wounds. The Socialist Party, in its capacity as member of the Coalition of Parties for Democracy, has fully endorsed the president of the Republic's decision and has expressed, as is only natural in this sort of change, its concern over Minister Correa's exit due to the circumstances under which it took place and given what the Socialist Party disclosed yesterday. I believe all the member parties of the coalition strongly back the president's decision. These changes, obviously, affect human feelings and people must understand these difficult situations that only affect human feelings and not the policies of the new cabinet.

[Guillen] Minister, in view of the way this change took place, journalists and analysts at La Moneda Palace yesterday commented that it obviously reflected the president's will and leadership. Does this change reflect the president's desire to establish a new relationship with the member parties of the coalition clearly establishing that La Moneda directs and the president is the boss?

[Brunner] I believe this is the normal relationship in a presidential system. The Chilean Constitution and political system grants the president quite a lot of power. He maintains a very close relationship with the member parties of the coalition. These parties are, in truth, the main channel through which the great majority of Chileans express their desires. But the relationship between the government and the member parties of the coalition must be stable, defined, clear. The president must form his team and govern beyond partisan interests for the benefit of the entire country, holding a dialogue with all sectors, and the coalition must endorse and, at the same time, assess, criticize, and promote the government decisions.

[Guillen] Another question. A rumor also circulated at La Moneda yesterday that this cabinet change would be followed by some changes at an intendency level as well

as several mid-level authorities, especially regional ministry secretaries. Is this a short term measure to be implemented?

[Brunner] Well, the president is obviously evaluating. As the country well knows, while the president does not announce changes that he is entitled to make, any speculation is nothing but that. Here again, I believe that the important thing is that the government and the president, in particular, are permanently assessing the government performance because the efficiency and efficacy of government actions are obviously a key issue, and this is why what is being done must be constantly assessed.

[Guillen] A final question. You are the president of the National Television Council. Are you going to continue in that post or are you going to resign and focus your activities in the secretariat general of government?

[Brunner] Yes, unfortunately, both jobs are incompatible. Therefore, I resigned as president of the National Television Council as soon as I assumed the post of secretary general of the government. But from the new post I now hold I hope to continue maintaining as close a relationship with the various sectors of the media as I had until yesterday, especially with television.

[Guillen] Minister, we would like to thank you for coming today and invite you for another occasion because we will have several opportunities to discuss what is happening in the country and the government's performance.

[Brunner] Very well. Thank you very much.

[Guillen] The invitation is open.

[Brunner] Thank you very much.

#### **Carabineros, Interior Ministry Ties Viewed**

*PY2209012294 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 21 Sep 94*

[Text] Interior Minister Carlos Figueroa has announced that tomorrow he will meet with Carabineros Director General Rodolfo Stange. Figueroa added that the government and the Carabineros maintain normal ties.

Figueroa's first activity as interior minister was to head the National Security Council. It was also attended by members of the Armed Forces and Police institutions.

He discussed general guidelines and asked each institution represented on the Council to submit a security plan.

During a meeting with journalists, Carlos Figueroa said he considers the security of citizens a top priority. He said:

[Begin recording] There has been a notable improvement. From past experiences, I believe we should put more emphasis on the security of citizens, particularly in low-income areas. [end recording]

Figueroa added that there will be no great changes regarding police procedure and that he does not intend to design a new policy. Regarding ties with the Carabineros he said:

[Begin recording] There are no problems in my relations with the Carabineros. This is a national institution and as such I cannot relate my ties with the Carabineros to personal or subjective issues. My ties with an important institution like the Carabineros will be based on the guidelines that should characterize any relationship between an interior minister and an important national institution like the uniformed police. [end recording]

Figueroa reported that today he met with Investigative Police Chief Nelson Mery and that tomorrow he will meet with Carabineros Director General Rodolfo Stange.

### Colombia

#### Drug Trafficker Requests Extradition to Bolivia, Not U.S.

PA2009143294 Madrid EFE in Spanish 2031 GMT 18 Sep 94

[Text] Santa Fe de Bogota, 18 Sep (EFE)—Alleged Bolivian drug trafficker Marco Antonio Roca Ali today asked Bolivian President Gonzalo Sanchez de Lozada to be extradited from Colombia to La Paz and not to the United States. This is stated in a letter sent by Roca Ali to the president, a copy of which was made available to EFE by Armando Salgado Cuellar, Roca Ali's lawyer. Roca Ali was arrested in Santa Fe de Bogota on 1 September.

Roca Ali, considered in his country as its "number one drug trafficker," is imprisoned in the health ward of the "Model Prison" in Santa Fe de Bogota and is suffering from hepatitis B.

"I am imprisoned, sick, and abandoned," Roca Ali says in his letter, in which he pleads to be given the chance of being tried in Bolivia and not in the United States. The United States has filed papers with Colombian authorities seeking Roca Ali's extradition. "I ask you, as a Bolivian citizen, that I be given the opportunity to be tried and to serve my sentence in my country, for which reason I appeal to you, Mr. President, to make the text of this letter known to the judge who will try me in La Paz so that he can request my extradition to Bolivia," Roca Ali says.

In his letter to President Sanchez de Lozada, Roca Ali asks to be "heard" since "extradition proceedings in Colombia are brief and any delay because of an oversight by my Fatherland could result in my unjust extradition to the United States."

Roca Ali sent a similar letter to the Bolivian Embassy in Santa Fe de Bogota.

The two letters released by his defense attorney bear the alleged drug trafficker's signature and fingerprints.

The District Court of the Central District of California in Los Angeles has requested the extradition of Roca Ali, born in Bolivia on 17 January 1965, so that he may to face charges of "conspiracy to possess and produce cocaine."

#### New Guerrilla Group Releases Deputy, Issues Communique

PA2109220694 Paris AFP in Spanish 2125 GMT 20 Sep 94

[Text] Santa Fe de Bogota, 20 Sep (AFP)—A new self-styled guerrilla group, the National Liberation People's Front [Frente Popular de Liberacion Nacional—FPLN], has surfaced in Colombia. In a communique, the new group announced on Tuesday that it will maintain armed struggle and that it rejects the government's call to rebel organizations to usher in the peace process.

The hitherto unknown FPLN became known when it kidnapped Congressman Juan Ignacio Castrillon and another political leader last Sunday near the northwestern city of Medellin. The FPLN released the two men on Tuesday, and issued a communique in which they announced their existence and beliefs.

Castrillon, a member of the congressional peace commission, told the press that the FPLN gave him a letter addressed to President Ernesto Samper, who has urged the National Guerrilla Coordinating Board (CNG) to hold talks regarding disarmament and demobilization.

The CNG is made up of the communist Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and a small dissident group from the demobilized People's Liberation Army (EPL). According to military intelligence, the CNG has approximately 10,000 members.

Although Representative Castrillon did not disclose the contents of the new rebel group's message, he said the group does not accept the peace proposals of President Samper and vows to continue its violent actions. He also said that apparently the FPLN consists of about 100 dissident guerrillas from the ELN and the EPL, and it follows a Marxist-Leninist political ideology.

Analysts feel that the new rebel group came into being because supposedly the FARC and the ELN have decided to negotiate with the government. In separate messages, the commanders of these two groups recently voiced their willingness to take part in the peace talks.

#### Government Rejects U.S. Imposition of Tariff on Roses

PA2109202794 Santa Fe de Bogota EL TIEMPO in Spanish 16 Sep 94 r 1A, 6B

[Text] The Government of Colombia has rejected the U.S. Commerce Department's decision to impose tariffs on Colombian roses.

The Colombian Foreign Minister said restrictions on the export of Colombian roses are regrettable.

It termed unacceptable arguments of alleged unfair competition by Colombia.

The Foreign Minister said that the Foreign Trade Bank (Bancoldex) will assist the flower exporters.

Bancoldex and the flower growers are studying the support measures. The government expressed its strong rejection of the penalties on Colombian roses. In Miami, the impact of this measure is already being felt.

While the Foreign Ministry rejected the trade barriers imposed on Colombian roses by the United States, Bancoldex announced it will offer financial support to flower exporting companies to face the excess costs resulting from the antidumping taxes levied by the U.S. Commerce Department.

The Colombian Foreign Ministry expressed its support for the flower growers and rejected the procedures and arguments used by U.S. authorities to impose sanctions for alleged unfair competition.

"The decision affects not only the favorable free trade atmosphere that has inspired relations between the two countries, but also does not recognize efforts by the Colombian people in the struggle against drug trafficking," the Foreign Ministry reported.

The Foreign Minister said that the Colombian Government laments the decision adopted by the Commerce Department and considered unacceptable the arguments presented on alleged dumping (unfair competition with U.S. growers).

It added that this decision goes against the spirit of the Andean Preferential Tariffs Act (ATPA, by its English acronym), according to which Congress and the U.S. Government certify that trade liberalization between nations is key to compensating the high costs paid by Colombia in its struggle against drug trafficking." [quotation mark as published]

The Foreign Ministry's communique added the Colombian Government is taking the necessary steps with the U.S. authorities to try and normalize commercial relations for this product.

Bancoldex's financial support to flower growers is being studied.

#### **Roses Inc., Guilty**

Roses Inc. is no rock group. It is the name of the U.S. flower growers who filed suit against Colombian exporters for allegedly engaging in dumping practices or unfair competition, namely selling at prices below production costs.

Colombian flower growers hope the visit of President Ernesto Samper to Washington to attend the inauguration of former President Gaviria as OAS secretary general, which coincides with the trip by Foreign Trade Minister Daniel Mazuera, will provide a forum for discussing the issue of roses in meetings with high-ranking U.S. Government officials.

The minister and Asocolflores [Colombian Association of Flower Growers] president Juana Maria Unda will negotiate the following in the U.S. capital: First, they will tell the Commerce Department the preliminary decision on unfair competition against four large exporters, representing 56 percent of the sector, may worsen sanctions on the entire sector.

The four companies account for 18 percent of the total samples gathered by that Department to establish the dumping margins.

This means that when the final decision is made, which may be in November or December, if unfavorable, the penalty would still be too high.

The four companies were not investigated by commercial authorities prior to the preliminary decision, and the 56 percent tariff, the highest, corresponding to the so-called "Best Available Information" was applied to them.

Those that were examined, 16 in all, have had a 33.8 percent tariff levied against them, but this may go up if they average the 56 percent of the four largest companies. In addition, that 33.8 percent tariff is applicable to other 50 companies that volunteered to be investigated but whose request was denied.

The government's goal is that the four aforementioned enterprises be studied separately, which would reduce the level of dumping for each one and would therefore reduce the general average at the time the final decision is made.

#### **Prosecutor General on Cooperation With U.S.**

*PA2109202594 Santa Fe de Bogota EL TIEMPO in Spanish 15 Sep 94 p 8A*

[Text] Colombian Prosecutor General Alfonso Valdivieso Sarmiento announced on 14 September that confidence and exchange of evidence has been fully restored between the United States and Colombia.

The head of the country's leading investigating office announced that hereafter there will be a permanent exchange of information with U.S. authorities on the use of evidence that Colombia obtains, as well as on that which it sends to the United States.

The official noted that with the resumption of the exchange of evidence, the Prosecutor General's Office must now show results of the process.

"Many times the evidence was sent, but justice officials failed to take action."

The prosecutor said this yesterday upon his return from the United States where, together with Justice Minister Nestor Humberto Martinez, he began a process of rapprochement with U.S. authorities, to resume the exchange of evidence and judicial cooperation. Valdivieso also appealed to other prosecutors that once evidence is consolidated they should proceed with the arraignment.

"Sometimes prosecutors forget their main duties, when they spend so much time checking out all evidence, when what they should do is consolidate their case with sufficient evidence, because we cannot allow trials to sleep the sleep of the just."

The prosecutor said U.S. authorities are right to be concerned when they forward evidence and find that the sentences are disproportionately low for the crime committed.

Valdivieso also announced that the method of requesting evidence will be changed. Attorneys will be asked to note areas in which they lack information needed to strengthen their cases.

The official concluded by saying that Colombia cannot afford not to receive evidence from abroad, because the Justice Department is not self-sufficient in getting evidence on its own.

The new prosecutor general said that confidence with the United States was lost in the wake of contradictions that emerged between former Prosecutor General Gustavo de Greiff and the Colombian Government.

#### **Constitutional Court Magistrates View Role**

94CA0167A Santa Fe de Bogota EL TIEMPO in Spanish 21 Aug 94 p 25A

[Report by Samuel Salazar Nieto]

[Text] Is the Constitutional Court politicized? Is it anticlerical and antimilitary? Do the justices of the court believe that Colombia is a country of angels?

These and many other questions are being asked by the public concerning the institution created by the 1991 Constitution to protect and oversee the supreme law of the land.

There are also questions about the fact that nine citizens are responsible for setting the legal standards that govern 36 million Colombians, and about the political overtones of the selection of the justices, who are elected by Congress.

The most radical critics yearn for the days when the Supreme Court of Justice controlled the Constitution, maintaining a tradition of jurisprudence that lasted almost a century.

They contend that the new system for monitoring the Constitution does not have the benefit of cassation, and, therefore, there is no consistency in the development of the law. This is reflected in the *bandazos* [marked shifts in policy] that have characterized some of the Constitutional Court's decisions.

But not everyone attacks or objects to the court. There are those who defend the new institution on the grounds that never before in the country's history has jurisprudence been as rich, modern, and advanced as it is now.

They also maintain that in the last two and a half years, Colombia has undergone a veritable "silent revolution" in the interpretation of the law.

Whether it has made mistakes or not, the fact remains that the Constitutional Court has taken on a very active role in national life.

Few court decisions in the old days aroused so much commotion or controversy, to the point of dividing Colombians and provoking reactions in the other branches of public power, despite the respect and obedience such rulings merit.

#### **Shift of 180 Degrees**

"The Constitutional Court is political and liberal." It is possible that in this day and age, this categorical assertion by the chief justice of the court, Jorge Arango Mejia, may arouse controversy and fear if we interpret the two terms (political and liberal) in the pejorative sense that the first one has and the partisan sense of the second one.

But that is not the case. When Chief Justice Arango talks about a "political" court, he is viewing the term from the standpoint of the art or the doctrine of governing, which is the activity of those who run our public affairs.

And when he mentions the word "liberal," he understands it to mean the political liberty that the Constitution consecrates in a state like ours.

EL TIEMPO asked other justices about the criticism they have received.

One of them affirmed that "when we have a new Constitution that has made a 180-degree shift on many matters, it is natural that vested interests are affected and there is resistance to change."

Another said: "Our principal challenge is to create a propitious environment in Colombia so that there is room for all of us."

Everything is based on the premise that with the new Constitution, the dignity of the individual and respect for individual freedom take priority over all other considerations.

It is that interpretation, say the justices, that has given rise to all the objections, since it breaks old patterns, damages vested interests, and puts all Colombians on an equal footing.

They explained that the same thing happened when the concept of guardianship [tutela] was introduced. There was criticism, and the judges made many errors, but today that mechanism is recognized as the principal step taken by the country in this century in the area of fundamental rights.

In this regard, no one denies that the court has tried to correct the errors made by judges in the lower courts, to control excesses, to overcome the confusion that initially reigned in the country with the advent of guardianship, and to establish guidelines to enhance the application of this concept.

#### **On the Inside**

"We are not infallible, and I am convinced that everyone wants to do the right thing," Justice Vladimiro Naranjo

Mesa told EL TIEMPO. Naranjo is considered a traditionalist or a hardliner on the court.

Judging by his statements, it appears that despite the differences of opinion that may arise within the institution, no one has any objective other than to serve the country and carry out their task independently.

Given the proportional political composition of the court, it is natural for the justices to have very clearly delineated points of view. Naranjo, for example, is radical on religious matters, as is Jorge Arango Mejia on matters that have to do with strengthening the military and waging war on insurgent groups.

Fabio Moron is known for his experience, his contributions with regard to legal technicalities, and his liberal-centrist position.

The philosopher of the group is Carlos Gaviria Diaz. Eduardo Cifuentes Munoz plays a leading role in dealing with economic affairs, although this does not mean that all his ideas are accepted. Informed sources see Gaviria and Cifuentes as the most brilliant justices on the court.

The social democrat of the group is Alejandro Martinez Caballero, while Antonio Barrera Carbonell is known for the social emphasis of his opinions.

Hernando Herrera Vergara (Liberal) and Jose Gregorio Hernandez Galindo (Conservative), together with Moron (Liberal) and Naranjo (Conservative), make up the group of jurists who maintain a traditional stance on the court.

The justices believe that the wide range of political persuasions is the best example of pluralism that can be set for the country. "We do not always know the truth," said one of them, "but with discussion and dialogue, we reach compromises and make decisions in the name of the institution, always bearing in mind the correct interpretation of the Constitution and the good of the country."

It is also clear that there are not always differences. Sixty percent of the Constitutional Court's rulings have been unanimous.

And when the decisions are examined, it also becomes evident that political or philosophical ideas are not a constant in the judgments.

For example, just to cite two cases of jurists who represent the most extreme ideological tendencies, Vladimiro Naranjo, whom some regard as the most conservative of all, was the one who wrote the opinions and came out in defense of extending guardianship to all public services and expanding it with respect to private parties who provide a public service.

And Alejandro Martinez, the representative of the M-19 Democratic Alliance (AD M-19), was the one who salvaged the concept of preventive detention from the constitutions of other countries when he fleshed out Article 29 of the Constitution. The Attorney General's

Office, the Office of the Defender of the People, and human rights organizations opposed that court decision.

There are those who believe these actions are merely *bandazos* that reflect the court's lack of identity.

They defend their position by asserting that they are the best example of pluralism the country has today.

They admit that "all Colombians are not going to agree with an opinion."

But they explained that the difference between the concepts and reactions that stem from their decisions is that their decisions are official.

Most of the justices said that they do not worry about the criticism.

"The court cannot in any way depend on or allow any dependence on particular interests or points of view that differ from its interpretations."

Some members of the institution are hurt by the challenges—fortunately, they are in the minority—and contend that corrective measures should be taken against the press to prevent it from "making rash judgments" about their actions.

#### Controversial Issues

All members of the Constitutional Court are Catholics, and to a greater or lesser extent they accept the principles of what was the official religion of Colombia until the new Constitution took effect.

"What the critics should understand is that there was also a 180-degree turnaround on religion in the country. We went from a denominational constitution to one that is neutral on religion, and the fact that we are Catholic does not mean that we must deny people of other faiths the rights consecrated in the new Constitution."

With this argument, Justice Alejandro Martinez Caballero explained rulings such as those that declared unenforceable 16 regulations of the Concordat and the Consecration of Colombia to the Sacred Heart of Jesus.

On other burning issues of the day, the decisions of the top Constitutional Court in the land have also provided fuel for controversy.

In the case of rulings that challenge the Armed Forces, some justices believe that the military must understand that the key to effective rights lies in coexistence; it is not a commitment by just a few segments of society.

It is clear that the interpretation of criminal law also changed with the 1991 Constitution. The guarantees of liberty and due process have precedence over other considerations, according to many rulings, and are confirmed in the very judgments that took the teeth out of the regulations that formed the basis for the last declaration of a state of internal disorder.

With regard to the economy, it is obvious to the court that the government is in charge, and its opinions are aimed at avoiding espousal of any model, at overseeing

government intervention, on the one hand, while making sure that free private initiative respects the general interests, on the other hand.

But there are also issues on which the members of the court are completely unanimous, and public opinion agrees with them.

That is true of everything having to do with social matters and protection of the individual. Compared to just five rulings on the issue of equality in the 90 years that the previous Supreme Court interpreted the Constitution, today there are almost constant references to that fundamental right in all rulings of the Constitutional Court.

Another area where there has always been a consensus is the fight against drug trafficking, which the court supports unreservedly.

#### Politicization

In recent weeks, the public excoriation of the court for its decision has been augmented by criticism of the institution's role in the selection of the person who will serve as comptroller general of the Republic for the next four years.

Some view David Turbay as a typical slick operator [manzanillo] who cut his teeth on the vices of the political class, rather than a champion suitable for heading one of the country's primary watchdog agencies.

There are those who believe that the court was manipulated by political wheeler-dealers to give David Turbay the majority. The vote was six to three, with Justices Jorge Arango, Carlos Gaviria, and Vladimiro Naranjo abstaining.

Those who defend the decision argue that David Turbay had the best curriculum vitae of all the candidates.

Moreover, there were more votes against Turbay on the court than in Congress itself, since in the first round of voting five justices supported other alternatives (four congressmen opposed his election as comptroller).

With regard to the objections prompted by David Turbay's political past, they said that if they had taken that into consideration, they would have violated a fundamental principle of the presumption of innocence, which precludes rejecting a person for charges that have not been fully proven.

"Time will tell whether we were right or wrong, regardless of the fact that we did what we felt was our duty," emphasized one justice.

[Box, p 25A]

#### Court Responds to Criticism

EL TIEMPO spoke with the chief justice of the Constitutional Court, Jorge Arango Mejia, regarding the discontent the court's decisions have aroused in vast sectors of public opinion.

"The criticism may be fair or unfair, but the court above all defends the freedom of opinion, and it upholds the principle that there is no censorship in Colombia," he declared.

"Because of its mission and its importance," he added, "it is above all criticism."

According to Arango, "The court has limited itself to carrying out its mission with intelligence and supremacy, without expecting applause from anyone."

"In short, the court believes that citizens have a right to express their opinions freely with respect to the actions taken by public officials, including the rulings handed down by the Republic's judges."

He noted, however, that it is desirable not only for people to express their opinions about rulings, but also for the content of the decisions to be reported honestly, without distortions of meaning or false information given to the public.

When asked whether the institution has been true to the country, he said yes.

"The problem that appears to have arisen is this: In 1991, we approved a liberal and democratic Constitution that is based on the dignity of the human being and respect for his liberty, which is the consequence of that dignity.

"Some people appear not to realize this, and that is why I maintain that one of the most difficult tasks of all is to teach men to live together with liberty," he explained.

He argued that this function has been carried out with independence, and he stressed that "there cannot be a true rule of law if judges cannot issue their decisions free of temptations or threats, according to the law and their conscience."

Arango Mejia said it is natural for a court made up of nine judges to have differences of opinion on the interpretation of the Constitution, depending on the particular ideological position of each person.

"So far, I think the court has faithfully fulfilled the mission of interpreting a liberal constitution like the one we have, especially with regard to the protection of the fundamental rights of the individual," he stated.

The chief justice cited as proof of that assertion judgments such as the ones declaring unenforceable certain provisions of the antikidnapping law, the criminalization of possession and consumption of personal dosages of drugs, and the last state of internal disorder, which was declared without regard for the liberty of persons who had not been accused of any crime, even though they had been detained for a long time.

#### Ecuador

##### Flower Growers Prepare Plan Against U.S. Tariff

PA2209015794 Madrid EFE in Spanish 1856 GMT  
21 Sep 94

[Text] Quito, 21 Sep (EFE)—The government and the flower growers of Ecuador today outlined an "offensive

strategy" to confront a U.S. tariff on flower imports from this Andean country and its neighbor Colombia.

Ecuadoran Industry Minister Jose Vicente Maldonado said he will set up a commission, which will include his colleagues Foreign Minister Diego Paredes, Agriculture Minister Mariano Gonzalez, and flower growers, to review the U.S. investigation that resulted in "false" accusations of "dumping" (pricing goods below production costs).

In addition, the strategy will seek the support of Colombia—whose flower growers are burdened with a 33.8 percent tariff compared to a 50 percent tariff on Ecuadoran flower growers—"to try to get the tariff eliminated or at least reduced."

Ecuador will also take legal action in the United States to defend the flower growers' interests by contracting "top-notch" lawyers whose salaries will be paid by government of conservative President Sixto Duran-Ballen and the flower growers.

Ecuador will also lodge a complaint with GATT and ask that a team be assigned to investigate the U.S. resolution.

Lastly, Maldonado said that the flower growers of both Ecuador and Colombia will file a lawsuit with the Rio Group and the Andean Pact.

The U.S. Department of Commerce's decision to increase the tariff became effective Tuesday, according to the flower growers, despite their and the Ecuadoran Government's objections.

Although the duty must be paid by U.S. importers, Ecuadoran flower growers foresee it will adversely affect their exports, because many U.S. importers have already canceled orders from Ecuador.

Jaime Guarderas of "Florinsa," one of the leading flower producers and exporters in Ecuador, told EFE that the measure might be reviewed in five days, after the U.S. Department of Commerce studies reports received from Florinsa regarding flower production and exports.

"There is a good possibility that the duty that must be paid by the importers will be reduced by approximately 20 percent after the Florinsa reports are reviewed," Guarderas said.

Guarderas said that "at present the measure will not affect Ecuador, because the price of flowers will remain stable, [no closing quotation mark as published]. He added, however, that "this will change in time," because importers will adopt measures to offset the tariff increase.

"Importers will shift this increase, or a part of the increase, onto the final consumer or will pay for half the increase, which means they could propose an agreement whereby exporters would share the expenses of the U.S. tariffs," Guarderas added.

After describing as "incorrect" rumors regarding a possible reduction in the tariff to 4 percent, Guarderas said that "this amount is a guarantee that the importers must

pay, but it has nothing to do with the tariff that is already being charged by the United States."

### **President To Remain; Granddaughter Charged**

PA2209031994 Paris AFP in Spanish 1857 GMT 21 Sep 94

[By Fabio Castro]

[Text] Quito, 21 Sep (AFP)—Government Minister Marcelo Santos on Wednesday said that Ecuador's 73-year-old president, Sixto Duran-Ballen, will not resign despite the distress caused by influence-peddling charges against one of his granddaughters.

During a casual meeting with newsmen in front of his office, Santos said "the country can rest assured that all attempts to destabilize democracy will be checked in a firm decision to hold the reins of power until 10 August 1996."

Santos, a conservative attorney with a great deal of credibility, revealed that during a meeting headed by Duran-Ballen to evaluate the progress of social and economic projects, the entire cabinet expressed its support for the president.

Duran-Ballen, who assumed power in August 1992 for a four-year term, has been harshly attacked by an opposition that is focusing on 23-year-old Enma Paredes, granddaughter of the president, who allegedly interceded so that her parents-in-law could get a loan.

"I swear that I did not know about that credit," the president proclaimed, almost in anguish, to Ecuadoran journalists who last week accompanied him to Brazil, Argentina, and Paraguay. At the same time, a state attorney revealed that the young woman had not cosigned the loan.

Despite this, under pressure from the opposition, a criminal court judge issued a warrant for the arrest of Enma Paredes; her parents-in-law, Galo Anda and Elba Carreno; and the former manager of the National Financial Corporation, Leonardo Stagg, all of whom are in the United States.

Judge Bolivar Penafiel then filed a motion with the Supreme Court of Justice requesting their extradition, in line with the treaty signed by Washington and Quito. This request should be resolved in the next few days.

This situation has put additional stress on the president, to the point that a Carandolet Palace source has reported that a team of doctors examined the president Tuesday evening. There is no official report on the results of the medical examination.

### **New Modernization President Views Process**

94SM0455A Guayaquil EL UNIVERSO in Spanish  
21 Aug 94 p 2

[Interview with Mauricio Pinto, president of the National Council of Modernization, by Roberto Peralta Cardenas; near Quito; date not given; first six paragraphs are EL UNIVERSO introduction]

[Text] Quito—"The government is not trying to dismantle the state; instead, it is trying to make it strong and competent, with oversight organs absolutely capable of providing security to the citizens and to investors."

This statement reflects the thinking of Mauricio Pinto who, for the third consecutive time, is assisting Sixto Duran-Ballen, providing his "share of sacrifice" by serving in a key government position.

#### Controversial Post

At the start of this government, Pinto was minister of industry. It was a controversial tenure which, say Guayaquil businessmen, he used for the textile industry's advantage in the Andean Pact negotiations and, after decontrolling the price of medicines which brought threats of a political settlement, he moved to the Monetary Board as the chief executive's representative.

Now, about to become the president of CONAM [National Council of Modernization], perhaps the most controversial position in this government, he says he is not seeking a political position, nor does he want to be a candidate for anything.

Pinto seems to be just another bureaucrat when he says: "Modernizing does not mean privatizing," but he is quite different when he calls for breaking the telecommunications and social security monopolies, and putting an end to the obese and inefficient state system.

Inspired by the tranquility of his private office in a large industrial complex north of the capital, he spoke with EL UNIVERSO.

[Peralta Cardenas] As a proponent of modernizing the state, how do you visualize the process?

[Pinto] There has been a lot of talk in Ecuador about modernization, mainly about the need to improve services. With the revolution in telecommunications, the whole world has entered a new phase. The official data show that Ecuador cannot continue to have an obese state, and the people cannot continue to allow most of the government's revenues to be earmarked to pay the bureaucracy while basic needs go unmet.

Technology has revolutionized so much that we need to make very big investments to modernize areas like telecommunications, electrification, ports, and airports.

One aspect of the new global structure of the entire world that has been revolutionized by communications is trade liberalization. Markets are growing more and more competitive, and Ecuador obviously has to meet this historic challenge. It must not fail to catch a train that is traveling at a very high speed.

[Peralta Cardenas] How do we face that challenge?

[Pinto] First of all, we have to make perfectly clear what the state has to do and what it does not have to do. This obviously entails measuring financial and administrative capacity, and deciding what areas will be left to the

private sector to cover. Then we can decide that modernization is not just a matter of technical terms, reengineering. If there is a problem in telecommunications, you have to discuss it with legal, economic, and purely technical people, and so on, in every other area.

While we have enabled the private sector to compete with the entire world with an average tariff of 11 percent, the private sector obviously wants efficient services at market prices. It cannot keep on paying for inefficient services; even if their nominal cost is low, the real cost is much higher, like port fees and rates for international calls, and not being able to obtain telephone or fax lines for business use.

Modernizing does not mean privatizing. In modernization there is the issue of licenses. What is of interest here is the system that in English is called BOT [Build, Operate, and Transfer to the Public Sector], under this umbrella, many things can be done: road maintenance, changing the civil records system to obtain ID cards, making it a system that is always up to date and not used just for preparing voters' lists for elections.

This can be done by investing; the system is operated for a while and then transferred. That is not privatizing, or selling assets to the private sector.

[Peralta Cardenas] Modernization means change, transformations. Will that be done no matter the cost, or no matter whom it costs?

[Pinto] Definitely, and the cost will be making people understand, conveying what the outcome of the transformations will be. As the present system is not efficient, there is nothing to do but change it.

Today, if you want to get a telephone line and you have no friend in high places, you never get that telephone line. The ordinary citizen turns in an application, waits for five years, and they still do not install that line. This means that the system is inefficient, the ports system is inefficient, as is the electrification system. Efficiency is what we want to gain, so that the public, the user, will pay for what he gets and not for what he does not get. We have to convey these concepts to the people who are involved.

We have to make them realize that no one wants to cause harm; we are looking for practical solutions to upgrade services and make them adequate.

[Peralta Cardenas] Do you think that with privatization or licensing, changes will take place?

[Pinto] Of course, but changes must take place, for if you look at the polls, the public wants the system to change. People do not know exactly what change they want, but they do want change. Clearly, we have to be careful so there are no monopolistic situations in exports, and so that the services provided are adequate, and the state will have to exercise oversight.

[Peralta Cardenas] How can you ensure clarity in the process?

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[Pinto] Through oversight of the process, which the public in general is going to do. When we are at the point of making changes, when there is going to be a transformation, we will make sure the rules are clear, so the process will be simple and open, so there will be no doubt that the public will really see that no one is being unduly favored or hurt.

[Peralta Cardenas] Where are your priorities? What is the planned agenda?

[Pinto] With CONAM's executive director we have looked to see where things now stand, what needs to be done, what road should be followed, and in 10 or 15 days we will have an agenda to present to the nation.

Now we are still working with modules, in committees. There is one on telecommunications; others deal with electrification, ports, airports, customs, mail services, civil records, and training. Each one is to produce a result and based on that, a decision will be made, but with consensus, by communicating, explaining what we propose to do. That is the job that needs to be done.

[Peralta Cardenas] Does Ecuador have strategic sectors?

[Pinto] A strategic sector means sovereignty and national defense. Many people say telecommunications is a strategic sector, but with technology it is no longer a strategic sector, for a satellite can spy on us even as we are speaking. How can we consider electrification a strategic sector when we are tremendously weak? A strategic sector means having a population with enough food, with health care, with communications. That is where the state's resources need to be invested, not in buying the latest telephone technology and trying to operate it with a very large bureaucratic agency, when someone else can do that, and doing this when basic needs have not been met.

If our basic needs were met we could say the state has enough resources to invest in these things, but when smaller cities and rural areas are complaining vociferously about the lack of safe drinking water, when the issues of basic education and health care have not been resolved, there is no reason for the state to invest huge amounts of money in this technology if the private sector can do it and provide efficient service.

[Peralta Cardenas] Still, in Ecuador certain sectors are identified as strategic. Should they be involved in this process?

[Pinto] In the end, all sectors, even the private sector, which has also had to be transformed and modernized, need to be more efficient because they have to compete with the whole world. That is how modernization should be understood. Privatization is not all that is required. We need to analyze each category, each moment, and see what the legal provisions are.

We need to find definitive solutions. The government does not want a short-term solution, but rather to lay foundations for the long term.

For example, only two points are really needed to upgrade customs. They are: hiring skilled personnel, not political appointees, and automation and then computerizing the system, which is possible. And there is financing for both things.

When the system is so good that no matter how many maneuvers are tried, it will be impervious to fraud, people will not be interested in going to customs, as the system is infallible. That is what CONAM is working on: trying to find the best system, the most secure system to avoid corruption. That is CONAM's function: finding the best system so that in the long term there will not be this constant turnover; today one government is in and another one tomorrow, and customs is always considered a political spoils system.

We want to get the problem solved so that customs administrators will be professional, trained people. We are looking for a good operating system so there will be no way for fraud to work.

One example is a counter with a teller and a customer. An automated teller could also be used; while a corrupt official might turn a blind eye and sign, with an automated system that is impossible. That is the heart of the matter: having a system good enough to deter corruption.

[Peralta Cardenas] How will you decide whether to make legal reforms first or to privatize the system right away?

[Pinto] Both of them can be done at the same time. We cannot wait until the laws are ready to start to introduce reforms. In the next few weeks we have to sit down with the president of the National Congress, who has expressed his willingness to "discuss" how they can cooperate with the nation, not with the government.

I am going to a "nonpolitical," highly technical post. We have to talk with everybody, with the most important sectors of public opinion to find long-term solutions. We do not want short-term solutions.

We are going to avoid the firefighting syndrome—putting out one fire and then seeing how to solve the next ones. We want systems, legal instruments to lay the groundwork so we will not repeat the mistakes of the past.

[Peralta Cardenas] If telecommunications reforms will take at least a year, how will the changes start in that sector?

[Pinto] In telecommunications we can get a new law before a year goes by if we sit down with the president of Congress and the legislators and explain to them what we want to do. I believe we can reach an agreement and have a good law. We should not wait, we should analyze the situation on both sides, and not try to be paternalistic, worry about who will sponsor the bill. It does not matter who does it. What matters is that it gets done; people cannot keep on waiting.

I have faith that a settlement can be reached so Congress will draft this bill. That is the purpose of Congress: to

generate laws. We can reach a "sensible" agreement and move forward on many sides.

A license for public telephones can be awarded. That is a stopgap solution; the in-depth solution is a good law. Everything needs to be done with absolute clarity so no doubts will remain.

[Peralta Cardenas] Should privatization reach the Armed Forces?

[Pinto] I have great respect for and a very high opinion of the minister of defense; General Gallardo is extremely intelligent, and with him in office, many transformations can be made. The Armed Forces must occupy a very important and skilled position, but they also need to be modernized, brought up to date about the role they will play in the domestic situation, in their concepts. They are already making a very important contribution to the nation.

[Peralta Cardenas] Do you favor getting rid of the Armed Forces' business group?

[Pinto] Modernization is needed there, and CONAM is working to optimize these areas. Personally, I support getting rid of those enterprises, that is my belief, and I have told the military I think they should get rid of certain business-related activities, and focus on purely military activities.

[Peralta Cardenas] What are the prospects for hydrocarbons and electrification?

[Pinto] The studies are well-advanced. In hydrocarbons and electrification they are moving forward. There is a bill now making the rounds in Congress, and this is another law we can sit down to talk about with documents. I am sure it will be passed, for that is what I understand the new president of Congress wants.

In electrification we want energy to be brought where it is really needed. Industrial sectors have been established in cities where they pollute, but there is no infrastructure in other places; outside of large cities there is no infrastructure for industries. That area which the state cannot cover has to be turned over to the private sector so it can handle it.

[Peralta Cardenas] On the airport issue, does CONAM support improving the present airports before building new ones?

[Pinto] Well, there again we are talking about modernization. We have to optimize our present airports if we want Ecuador to be an exporter and attract tourists. We have to improve airports and services, for the government ultimately wants to be judged by results.

[Peralta Cardenas] What is the future of decentralization?

[Pinto] We have to do a lot of work to decentralize the country. The present structure cannot continue. A committee is working on this. We cannot continue forcing a

citizen who lives in Guayaquil to come to Quito whenever he has some business to take care of. That is discriminatory.

The citizen and businessman in the provinces cannot be forced to come to the capital to deal with certain matters. Nor is the idea to dismantle the state; the state needs to be strong and competent, with oversight organs absolutely capable of providing security to the citizens and to investors. We cannot continue to maintain two development poles.

[Peralta Cardenas] Do you associate that discrimination of which you are speaking with the position of INEC [National Institute of Statistics and the Census] about the inequitable distribution of resources?

[Pinto] That issue is much more profound, it is not something on which a decision can be made tomorrow, for we have to analyze everything: how the state has been working and how it should work, how resources should be distributed. There are many views on that, whether it should be done according to the number of inhabitants or according to basic needs. It is an interesting issue. I think it should not be based on population but instead on basic needs: where there is drinking water, and where there is not, and the same with electrification and roads.

[Peralta Cardenas] How can the labor threat be overcome in a case like telecommunications when the workers reject privatization?

[Pinto] By talking, looking for a solution. I do not believe in imposing a solution, but I do believe in firmness.

[Peralta Cardenas] How will you promote ethical behavior in customs? By example? You are involved with the textile sector, and you know that for the past two years there has been a ban on used clothing imports, but they are constantly increasing, coming in as contraband.

[Pinto] That happens precisely because the two factors needed to modernize customs are lacking. Hiring suitable personnel will avoid the policy of using political appointees as customs administrators, and implementing a good computerized system will be the closest we can come to the ideal to avoid corruption. Those two elements will take care of the customs issue.

[Peralta Cardenas] Marcel Laniado and Jorge Zavala were moving in that direction, but there were disagreements in the government. Who guarantees that you will be able to carry it off?

[Pinto] The view of two people that the system failed cannot be accepted. The system is still not finished. We will continue to pursue the course they were following.

Obviously, there will be opposition. People who have privileges are opposed, those who have the technology to avoid paying taxes and the IVA [Value Added Tax], for them the tariff is low enough. It is no longer a tariff issue, now it is an issue of corruption. To avoid corruption we need to remove temptation, and to do that, we need an adequate system.

[Peralta Cardenas] What will your arrangement with the minister of finance be like?

[Pinto] I have spoken with Cesar Robalino. He has given me total and full support for the remainder of the process. He would like me to be given the benefit of the doubt that we can reach a successful outcome.

[Peralta Cardenas] Marcel Laniado said the post was being politicized; will you "depoliticize" it?

[Pinto] The problem was in customs. With the right system, it will automatically be depoliticized. No one will be interested in being a customs administrator without the "perks" this job now means. I am not saying everybody is corrupt, but experience indicates that it is the most sought after job in the state. Then we can hire trained and well-paid administrators, and with that, nobody is going to be interested in going any further. I am sure of it.

[Peralta Cardenas] If it were that easy, do you not think the stumbling blocks would already have been overcome?

[Pinto] We still need the final phase.

[Peralta Cardenas] How can political interference in CONAM be avoided?

[Pinto] By the decision of the president of the Republic. I ask people to look at the results. Give us the benefit of the doubt, and in eight or 10 months we will talk about it.

[Peralta Cardenas] How can corruption be overcome?

[Pinto] I believe that is the most serious problem we have in Ecuador. The word "corruption" does not mean just accepting money for doing a favor. Many other things are also important, and it is an issue that the country cannot solve overnight. A great deal of work will have to be done, and for a very long time. Educational reform is urgent. There are people knowledgeable about education and they are working on it in CONAM. That is where the solution lies. Society has made big mistakes in education, it has tolerated corruption as a way of life, and all that needs to change.

I do not believe punishment alone will solve corruption; it may be a partial remedy, but people have to realize that one cannot make money by hurting others. Money is not everything. The failures in education make young people think that taking at any cost is good, and society has accepted that. Money cannot be made easily; effort and investment are required.

#### No Personal Advantage

[Peralta Cardenas] According to Mauricio Pinto, it is untrue that he gained any personal advantage for the sector when he was minister of industry, and he says that by discussions, he will make the Guayaquil Chamber of Industry understand that.

The Guayaquil business community has felt a certain amount of resentment or rivalry with you, for when you

were minister of industry, people said that you gained an advantage for textiles and then left the ministry. How can you dispel that bad image?

[Pinto] By talking. I will be meeting with them on Wednesday. By the way, I did not gain any advantage.

I am sure that after we talk they will understand that things were not like that. One has to be somewhat detached. I do not have a position in which whatever I say is done or not done. We are going to have a rapprochement. We will talk with the chamber. We will present to them what has been done and we will ask them to cooperate, for everybody needs to be part of the solution.

[Peralta Cardenas] When you left the ministry you said you had made your "patriotic contribution" and that now you were going to turn your attention to your personal affairs. Are you now making a second contribution?

[Pinto] That is it, a second contribution. I was in a good position. The president had asked me to help him as a member of the Monetary Board, a fine job, out of the limelight, very pleasant for me. But one cannot avoid challenges when they arise, and this is a big challenge because it really is hurting us.

It is a terrible ordeal to get a telephone line here. When you cast stones, they may give you an opportunity and say, you are criticizing so come help to modernize. That is the only reason. I have no other, because I am in a good position now.

[Peralta Cardenas] In the ministry you left the external tariff issue unfinished. Will the same thing happen in CONAM?

[Pinto] At that time a personal problem came up that had to be dealt with. I would have liked to finish the issue of the common external tariff and I believe it is necessary. The integration process has moved along in an extraordinary fashion, and anyone who does not see it that way will never see it, for the numbers do not lie, and things have gone very well. Ecuador has gained enormous advantages from the increased trade with Colombia.

[Peralta Cardenas] When you left MICIP [Ministry of Industry and Commerce] you said you had "done your conscription for the nation." Now are you coming back as a recruit, or have you decided to make a career in government?

[Pinto] I do not want a career in government, but I was recruited again, and I cannot turn that down.

#### "I Do Not Compare Myself With Laniado"

[Peralta Cardenas] CONAM's new president says he does not compare himself even remotely with his predecessor Marcel Laniado, as "he is the teacher and I am his student," and he considers Laniado his friend and "banker."

The Chamber of Production, including the Pichincha businessmen, asked that whoever succeeded Laniado as president of CONAM be someone with the abilities and virtues he had. Do you think you fit that description?

[Pinto] I believe I have demonstrated during my times in public life a desire to serve. I even made decisions against the interests of the sector in which I am involved. I believe my background should allow me to do that job efficiently. I cannot remotely, I say not even remotely, compare myself with Mr. Laniado. He has a record of years of service to the nation. He has achieved many great successes in his life and I would be delighted to achieve the successes he has at his age, so I cannot compare myself to him. I cannot compare myself to him even as to the economic interests he has at his age—giving service and creating jobs for Ecuador.

[Peralta Cardenas] In the business community it was said that when Marcel Laniado at first did not accept the CONAM presidency, one of the obstacles was that you were being proposed as the executive director, and he refused because of your background as minister of industry in the tariff negotiations and the decontrol of medicine prices. Now, paradoxically, here you are, not in the position of executive director, but instead as the president of CONAM.

[Pinto] Those comments are totally unfounded, for I was one of those who wanted Marcel Laniado in the post; the president of the Republic asked me to serve with Mr. Laniado, but I told him that I had an issue pending with Congress and until that was settled, I could not accept any position, and that is what happened.

Even Marcel Laniado asked me to work with him on some modernization issues. I did not want to cause a problem, so I asked him to excuse me. He is my banker, he has been my friend for a long time. The work he accomplished in five months is extraordinary, and with the team he put together, in which I am not going to make any changes, I believe we can bring about modernization in the short term.

[Peralta Cardenas] What is your commitment to the nation?

[Pinto] We want to solve the problems that citizens, businessmen, manufacturers, and merchants all have with services. We are open to all forms of cooperation. We are going to have efficient communication.

To the citizens of Guayaquil, I say that we will go to visit them and they are not going to have to come to visit us. We are going to ask for their help in persuading certain groups of the need to transform the nation. Ernesto Noboa, who is on the board of CONAM, will be the "ambassador," the contact person with Guayaquil, and I believe that together we will be able to solve the nation's problems. These are not just the problems of one region, and so we can solve Quito's problems and then the nation's problems. The customs issue is, practically speaking, a Guayaquil problem, and for that we need their collaboration.

## Uruguay

### President Guarantees 27 November Election

PY2209000794 Buenos Aires TELAM in Spanish 1430 GMT 21 Sep 94

[Text] Montevideo, 20 Sep (TELAM-SNI)—Uruguayan President Luis Alberto Lacalle unexpectedly called all presidential candidates to a meeting to offer them guarantees for the 27 November election.

The meeting was held at the Libertad Building (government house) late in the afternoon. It lasted an hour and a half. All nine presidential candidates from political parties competing in the election attended the meeting.

Lacalle's sudden meeting follows accusations by Broad Front candidate Tavaré Vazquez on 18 September. During the ceremony to launch his campaign, Vazquez demanded the resignation of Interior Minister Angel Maria Gianola.

"The Broad Front will not accept foul play in the elections," Vazquez warned during his speech.

The confrontation between the Broad Front (leftist coalition comprising communists, socialists, and Tupamaros [former urban guerrilla movement]) and Minister Gianola began over the violent incidents on 24 August provoked by the extradition to Spain of three presumed ETA [Basque Fatherland and Freedom] militants who had been held in Montevideo since 1992.

The situation deteriorated last week after the Tupamaros-National Liberation Movement reported that Gianola had met with National and Colorado Party legislators. During the meeting he said the Broad Front had not been invited because the country has been built by these two parties alone.

The Tupamaros proved what they said with a recording of Gianola's remarks, secretly taped during a meeting at the Grenadier Guards headquarters.

The report by the former guerrilla group provoked a controversy among presidential candidates who characterized Gianola's remarks as "inopportune and unpleasant." The only candidate to remain silent was ruling party candidate Juan Andres Ramirez.

During yesterday's meeting, Lacalle told the presidential candidates that the Uruguayan Government "guarantees absolutely normal conditions for the electoral campaigns and for the 27 November election, as has been traditional in Uruguay."

Lacalle also confirmed his support for Minister Gianola, thus quashing recent rumors on possible changes at the Interior Ministry.

After the meeting Vazquez said he was calmer now that he had listened to the head of state.

He said he was "satisfied" by Lacalle's report. He refused to say, however, if the Broad Front would continue to seek political support to interpolate and promote Gianola's legislative censure.

The Broad Front executive board met at noon yesterday, after which it announced it would start talking with main opposition leaders, seeking to interpolate and censure Gianola.

#### **Unemployment at 9.4 Percent; Highest Since 1989**

PY2109204294 Montevideo EL OBSERVADOR ECONOMICO in Spanish 14 Sep 94 p 8

[Excerpts] The unemployment rate in Montevideo shot up during July, reaching 9.4 percent over the May-July three month period. This is the highest level of unemployment in nearly two years, and the highest in the May-July period since 1989.

On top of the increased number of unemployed, the rate increased because more people are looking for work. [passage omitted]

The biggest increase was registered among women; the rate increased by just over 1 percent during this period (11 to 12.1 percent), basically among women over 25 because so many want to work. The unemployment rate among men decreased from 7.2 to 7.1 percent during this period.

Apart from the increase in unemployment, the level of employment increased slightly and achieved its peak since July-September 1991. Of the population older than 14, 55.7 percent were employed during the May-July period, 0.1 percent higher than the previous three month period. The male population improved its employment rate by 0.7 percent, while the female employment rate dropped by 0.2 percent. [passage omitted]

#### **Venezuela**

#### **Cordiplan Minister Views Economic Plan**

PA2209004894 Caracas Venevision Television Network in Spanish 0330 GMT 16 Sep 94

[Report by Alfredo Pena, on Government Stabilization and Economic Recovery Plan, including an interview with Werner Corrales, minister of coordination and planning, in Venevision's studio in Caracas; from the "Talking with Alfredo Pena" program; date not given—recorded]

[Text] [Pena] Good evening, ladies and gentlemen. The government has formally presented its second macroeconomic plan. The first was presented some months ago in an open ceremony in the presence of the highest personalities of the executive branch. Asdrubal Batista, former minister for the reform of the national economy, made the presentation. The plan died in its cradle, as no one even took it into consideration. Now we have a new plan. This is the plan Finance Minister Julio Sosa presented last Monday. It is a medium- and short-range plan that will ride alongside and complement the nation's ninth plan, to be approved in December for a five-year term. It is good that there is an economic plan, because we will now know what we are up against—providing the government really implements it. The Venezuelan economy has been staggering along for about two years.

Generally speaking, the plan has been welcomed in political, economic, and union circles. Nevertheless, some people have voiced certain doubts. One has to do with the workers' social benefits. We must be cautious in examining this issue, because if it were not for that social benefit bill, Venezuelan workers would be left completely out in the cold, because the workers always pick up the tab for all the adjustments. Whenever the politicians talk about having to tighten our belts, they usually loosen theirs instead, because they always gain weight. The poor always tighten theirs, and they can tighten them no more. They ran out of punch holes.

So we must look at the issue of social benefits very carefully. I personally believe the system needs change, because inflation eats up their money. The funds for these benefits are frozen in accounts at the corporations. We must get them out of there and create investment funds, for example—one of the several initiatives—to reinvest that money in the economy and make it produce. That way the workers will have their old age under control. That is one way, among many other possibilities, and now is the time to do it. So, you put your money away in a bank, one of the healthy banks—and I have no idea who issued the certificates, but that is what they are called. There they will pay you 13 percent on the money you give them for safekeeping. You still run the risk of losing it, though, as we have seen happen. The thing is, you have nowhere else to put your money, so you take it there and they pay you 13 percent interest. If you turn around and ask that same bank for a loan to buy a house or a car, or even pay medical bills, that bank will charge you 56 percent interest. I cannot believe that there is such an enormous gap between yield and liability interest rates anywhere else in the world. This type of difference is not allowed where there is a true state with a responsible government that is really in control. The Central Bank of Venezuela should not allow this, because it encourages consumerism. People spend their money instead of saving it, because otherwise, it just melts away to water.

Based on that, I believe the money currently sitting in the companies is also just melting away. It would be better, then, to create investment plans capable of producing greater interests, dividends, and income for the workers and their social benefit funds. In any case, it would have to be an agreement between the workers and management, to include the private sector and the government.

Nevertheless, with the state we have a problem as they seized 2 trillion bolívares, that is 2 million million bolívares [as heard], from the workers' social benefits. They spent this money and up until now, they have not told us on what. We do not know what use they made of this money. Did they purchase homes for the politicians? Did they purchase yachts, apartments in the Cecilia Matos neighborhoods for their mistresses? Was a home purchased in Costa Rica for Blanca Ibanez? Or was another home purchased for Blanca Ibanez in Miami? We do not know what they did with the social benefits funds.

Retired military men have purchased ranches. Because now it appears that retired military men, who barely earn 100,000 bolivares, have ranches that cost 400 to 500 million bolivares. Meanwhile, there are others who retire with a 100,000 bolivares salary, which is their retirement, and they go to live in the United States. To live in the United States they need at least \$10,000. One cannot live in the United States with less than 1.5 million bolivares. But I do not know how they manage to live on a 100,000 bolivares pension.

One must be very careful and one must ask what they did with the money from the workers' social benefits? This is certainly a big problem, which the government must resolve. Let us see what options there are. There is talk about some modest homes that will be turned over to the workers, in payment of their benefits. Let us hope that all is not lost and that they are guaranteed at least adequate housing.

There is the gasoline issue. The plan mentions the increase of gasoline according to opportunity prices. Petroven [Venezuelan Petroleum] officially reported to me that the opportunity prices for high octane gasoline is 24 bolivares, for the medium it is 23 bolivares. I have information that the government has in mind these figures: 21 bolivares for the high and 15 bolivares for the medium. I also have information that this hike will enter into force on 16 December. President Caldera has reserved the right to announce this and other measures.

Here now is a special report prepared by our team, coordinated by our colleague Patricia Chu.

[Begin recording] [Corrales] We have conceived an integral, realistic, and logical stabilization and recovery program without ideological and dogmatic ties. It is a program that has been adapted to the Venezuelan circumstances.

[Chu] This is how the government announced the 10-point measures of the so-called Corrales Plan, which was approved on 3 September and which followed previous unsuccessful plans. We asked three economists about this plan. Maxim Ross asked this.

[Ross] How does the Corrales Plan compare with the Maza Zavala Plan? Bearing in mind the paralysis of the Venezuelan economy and the lack of distribution of foreign exchange, how will exchange rate controls fit into the current opening? The list of goals contained in the economic recovery plan has to be specifically outlined. We have to state clearly what things are going to be done and what things cannot be done.

[Chu] According to Jose Toro Hardy, if bonds worth 600 billion bolivares that are currently held by the BCV [Venezuelan Central Bank] are cashed in bolivares, inflation will be greatly increased. According to him, the solution is to issue dollar bonds that could be backed by the zero coupon bonds currently in the banks.

[Toro] I suggested that dollar bonds could be cashed to promote privatization. In this way, the foreign or

domestic firms that participate in the privatization process will be able to purchase these bonds from the banks and pay the state for enterprises that are to be privatized.

[Chu] According to Emeterio Gomez, the Corrales Plan is nothing new.

[Gomez] The fundamental problem with the Corrales Plan is that it makes the same mistakes that President Perez's plan made in 1989. If you want to decrease the deficit but increase spending, then you have to increase revenues over spending. How will revenues be increased? There are two options. One is different from Perez's plan: increase taxes. The other is similar to Perez's plan: increase devaluation.

[Chu] He added that reducing the fiscal deficit by increasing devaluation will lead to an increase in inflation. He said that to postpone until December announcements on an increase in gasoline prices is a stab in the back of the Corrales Plan. [end recording]

[Pena] You have just heard the opinions of distinguished Venezuelan economists on President Caldera's economic plan. We are here with Werner Corrales, the mastermind behind President Caldera's economic plan, which is also called the Corrales Plan. You have just heard, minister, these three distinguished economists' opinions on the plan.

We can summarize them very briefly. Maxim Ross says that the objectives of the plan must be specifically outlined. He says the plan must clearly state what is going to be done and what is not going to be done. Toro Hardy talks about bonds. He believes that in order to (?reinstate) zero coupon bonds, dollar bonds must be issued. Emeterio Gomez warns about the possibility of devaluation [words indistinct]. He says he believes there are going to be devaluations.

[Corrales] Thank you, Alfredo, for this opportunity. This is my first chance to talk via a media like television about the stabilization and recovery program. We had to take advantage of this opportunity to continue with efforts to not only to inform but also ask for opinions, reach agreements, and include proposals in the program.

As for the opinions of my three friends, I will start out with Maxim. Maxim asks about specific measures. I would like to be very clear. He says the distribution of foreign exchange is going too slow for the economy to function properly.

First, this program does have a series of specific measures. Maxim knows he was one of the first outside the government to whom we talked when we were discussing proposals. We have been improving on the measures by making them more specific in subsequent versions. There are fiscal measures aimed at achieving fiscal balance by limiting spending. The 1995 budget will be the same size as the 1994 budget, in real terms. In addition, sources of revenue will be diversified, and there are a series of specific measures, including reforms. The creation of Seniat [National Integrated Service for

Tax Administration], for example, will ensure better collection of customs and income taxes. Systematic controls on spending will allow us to permanently follow up on how the budget is spent and how budget funds are allocated in all state organizations. The Comptroller General's Office, Cordiplan [Central Office of Coordination and Planning], Ocepre [Central Budget Office], and the Finance Ministry will participate in the coordination. They are going to be able to monitor activities at the Treasury every day. This is an important progress in taxes.

In other areas, for example production, it is important to note that this program is not only a stabilization program, it is a program that intends to restore the country's production apparatus, which has been hurting so much. There are very specific plans for production. There are plans to attract foreign investment to areas where previously only the state was investing. We have the plan to promote opening up of the oil sector. We expect investments to the tune of \$40 billion.

[Pena] How soon?

[Corrales] In eight years. We also have the plan promoting opening up of the lumber industry and gold mining. There is the plan to promote strategic associations in what we might today call traditional areas run by the Guayana Corporation, such as steel, aluminum, and others products. We also included measures to reactivate small and medium-size industries, agriculture, and construction. We included a very ambitious housing program, the objective of which is to build 180,000 housing units. This program will be financed by the savings accounts for housing [ahorro habitacional], Inter-American Development Bank loans, and especially mechanisms for turning debts into investments.

[Text] [Pena] Minister, Emeterio Gomez says that the evaluation had already been outlined and that the plan failed to include it. He also said this is a plan very similar to [words indistinct].

[Corrales] Emeterio is a very serious economist. I admit it—he never stops seeing or hearing. He is always giving his opinions on these issues. I believe there may have been lack of communication, and I invite Emeterio to talk with me directly. But he recognizes some issues he deems [words indistinct] we are a country dependent on oil; we have to say this and take advantage of this in helping Venezuela develop. He warns of an alleged valuation [evaluacionista] trend implied in the plan. That is untrue.

I saw him yesterday on television saying that we are trying to balance the fiscal surplus by increasing taxes while at the same time increasing spending. I already told you the 1995 budget does not include an increase in spending; to the contrary, spending will remain the same. The thing is that there are mechanisms, like the ones I mentioned a few minutes ago, that will mainly promote private investments. On the one hand, this debt convertibility allows growth without increases in spending. On

the other, to be honest, we followed Emeterio's recommendations to rechannel spending, because one of the things the Venezuelan state has done for the past 16 years is eliminate or reduce investment spending while maintaining running expenses.

[Pena] But, Mr. Minister, what is the similarity with the Perez plan? Will there be another devaluation in 1994 and in 1995?

[Corrales] I can tell you that one of the plan's main goals is defending the exchange rate. In short, a devaluation plan is not included in the plan, either implicitly or explicitly. Every economy has one truth: insofar as you control inflation, you can maintain the exchange rate, and insofar as you fail to control inflation, there is an economic plunge.

[Pena] Is that what we now face?

[Corrales] Yes, but....

[Pena, interrupting] We still....

[Corrales, interrupting] Yes, but as we controlled the exchange rate—something President Caldera was forced to do, because this is really not the purpose of this government—as we controlled the exchange rate, we got the impression that, even today, the parity of purchasing power of the bolivar is not the one we used to set the exchange rate. That is, we still have the chance to maintain for some time a fixed exchange rate without losing competitiveness.

[Pena] For how long will we continue to have....

[Corrales, interrupting] Look....

[Pena, continuing]...the exchange controls that you, Dr. Sosa, and other government spokesmen who are authorized to comment on economic issues always maintained were only temporary? It seems you are planning to have a fixed exchange rate forever.

[Corrales] Not at all. Look, Dr. Sosa clearly said it, and it is stated in the plan: we tried to...[pauses] The objective image we have of the exchange control system is, within the plan's implementation period, to arrive at a system in which only capital will be controlled. Venezuela....

[Pena, interrupting] The....

[Corrales, interrupting] This is what we could call capital flight, but all running import transactions, for instance, will be deregulated, and when—your question is very precise, and I want to give a precise answer...[pauses]. This should be accomplished within the plan's implementation period.

We expect that by mid-1995, if everything works as we believe it will, the economy will be able to make that transition. Anyway, just realize it is impossible, considering the economic plans...[pauses]. The established periods of time should serve only as points of reference. We really have to take into account how the economy

will react. We expect to control not only the exchange rate but also prices, which are somewhat out of control, as soon as possible.

[Pena] Yes.

[Corrales] This plan was described in detail, as was the strategy to go from the existing control system to a system without controls. I want to say something else: nowadays, the foreign exchange management system has already been made flexible, and a revolving fund expediting the delivery of foreign exchange and standardizing the system of letters of credit is about to be set up. This is indeed a problem we have faced due to the manner in which the account control system was implemented.

[Pena] These dollar bonds were announced to solve the liquidity problem created by the aid—which, in my opinion, was granted without limit or (?consensus). This was the responsibility of the government, the Congress, Fogade [Deposit Guarantee and Banking Protection Fund], and the Central Bank of Venezuela. These are dollar bonds with five- and 10-year terms. I would like to know: what is the appeal of such bonds compared to other securities offered by the Republic that offer higher dividends and are currently on the market?

[Corrales] The system of securities issued in dollars, which can only be purchased with bolivares, has multiple appeal for possible buyers. One is that these securities have a secondary market in bolivares and thus can be readily cashed. I heard some criticism or concerns about this, but these bonds would pose no liquidity problem. The other thing is that they will generate revenue in dollars, that is, they will be redeemed in dollars, although all secondary transactions will be made in bolivares. These bonds will become a very attractive form of saving only for banks, because it is expected that this issue will include small denominations to allow savers, individuals with certain savings capabilities, to obtain a fixed income in dollars.

[Pena] But how will [words indistinct] convert bolivares into dollars? I point this out because I have never heard of a bond issue in bolivares that will be redeemed in dollars. This involves the future sale of dollars. This is a debt that the Republic would be acquiring for a significant amount of money. Will the government approve this debt? Will the Emergency Exchange Board approve it?

[Corrales] You ask several questions. First, this does involve a future debt. We have two major options in view of the cost of the financial crisis: we can pay it all now as inflation—and there is high inflation that all Venezuelans for which would have to pay, and those who suffer the most because of inflation are those who have the least economic resources—or we can spread out the payment over 10 years, which is the option proposed by the government. By distributing it over 10 years it is obvious that the Republic will assume a debt.

The distribution of the debt involves the issuing of securities, payment on which will start in 1998 and end

five years later. Based on what? On future revenues. Those future revenues...[pauses]. One of the greatest truths in Venezuela at present is that petroleum revenues are on the rise. I told you about the increase in production. We are making very conservative projections about petroleum prices, that is, we are not fooling ourselves by projecting very high future prices. But trends are pointing to an increase in the volume of petroleum production.

In sum, there will be a future payment of something that if we paid it now would create very high inflation. This would have an even more serious impact or trauma than what we have already suffered, especially on the general population.

[Pena] I want to know whether Congress must authorize this, since it involves foreign debt and because the Emergency Exchange Board is in charge of handling foreign currency.

[Corrales] As for the Emergency Exchange Board, the answer is no, because remember that these bonds will be purchased in bolivares and will only be redeemed in dollars beginning in 1994 [year as heard], and we will definitely not be under exchange controls by then. As for the debt, Congress would eventually have to approve the issuing mechanism that will be adopted. We are now designing it in conjunction with the Central Bank.

[Pena] Mr. Minister, there is still one unanswered question. It has to do with the attitude that creditors, namely commercial banks and multilateral organizations, will now assume. I think that during the Lusinchi administration an attempt was made to refinance the debt using petroleum as a guarantee. Then the creditors, who had already reached refinancing agreements with Venezuela, opposed this proposal because the sale of petroleum on futures markets was to be used. They did not accept that the most important instrument of payment in Venezuela's possession, namely petroleum, be committed to third parties. They wanted guarantees that they would be repaid. This is normal for any creditor.

There has also been talk of petroleum royalties among the options supporting these bonds. If petroleum bonds are issued, I wonder if we wouldn't be facing the same risks of limitations imposed on us within the framework of the refinancing agreement that would take effect now, thereby blocking the operation.

[Corrales] No, that is not possible. It is perhaps convenient to explain that this is not a foreign debt operation. This operation, on the one hand, allows the Republic to recapitalize Fogade so that it can immediately repay some of its debt with the Central Bank. We are talking about the payment of 510 billion bolivares for the Central Bank's advances to Fogade. Fogade issued, directly or through a trust fund, bonds to repay the Central Bank.

Perhaps the confusion stemmed from the fact the Central Bank will eventually handle these bonds to combine them with zero coupon bonds or any other monetary

policy instruments; these bonds will have a dollar face value. This may have caused concerns or doubts that we might find some contradictions in some clauses of the foreign debt restructuring, but this doesn't exist. First, there is no guarantee backing these bonds, in terms of royalties or anything similar. If this were the case, if the Republic put up royalties as a guarantee, there might be claims by foreign debtors. But this is not the case.

[Pena] What guarantees back these bonds?

[Corrales] There are no explicit guarantees. We have simply created an asset fund by recapitalizing Fogade, for instance, or created an asset fund with a trust fund. This will in turn allow Fogade to issue bonds with said support. Although it may be somehow confusing, it is not the same if I issue bonds supported by the capital represented by my home or issue bonds and establish a mortgage as a guarantee.

[Pena] Who will pay the bonds when they mature?

[Corrales] This trust fund will pay. This trust fund establishes....

[Pena, interrupting] Will the Republic or the Central Bank pay off when the bonds mature?

[Corrales] Fogade will pay through the trust fund that is created to issue these bonds. Allow me to explain this. The Republic will progressively offer the valuables that will support the bonds to first pay interest and then pay the principal. Beginning this year, the capitalization rates of Fogade's trust fund will be increased to support first the payment of interests and then bond maturity.

[Pena] Yes, but Fogade does not receive its income in dollars. [Words indistinct] to pay interest and principal in dollars?

[Corrales] The Venezuelan state will recapitalize Fogade, either through the sale of some goods, for example the rights to future royalties stated in barrels of petroleum. One of the options under consideration is the recapitalization of Fogade, with rights to future royalties totaling 510 billion bolivares from the Republic. But this is just an option. Perhaps the use of the term royalty, which is confused with dollar payments, has caused this confusion, which is not the case.

I repeat, the option will be recapitalizing Fogade, which also needs to be recapitalized. Fogade will issue the bonds supported by its capital, or it may in turn create a trust fund with the funds received from the Republic, and this trust fund will issue the bonds.

[Pena] Yes, of course, but this hurts our reserves, because we will receive dollars to exchange them for bolivares....

[Corrales, interrupting] That is what hurts....

[Pena, interrupting] Definitely, because where will those dollars come from? Fogade does not have a productive enterprise that exports goods and brings dollars into the country. The only important productive enterprise we have here right now for bringing dollars in is Venezuelan

Petroleum. So, where are the dollars coming from? They will come from the sale of oil or other Venezuelan products. That is what worries me, because, after all, international reserves will be used. That's inevitable.

[Corrales] What we will do is use future income from Venezuelan exports. International reserves will not be used; instead, we will use future income. For example, supposing that at present international reserves total \$10 billion, those reserves will continue to grow partly through income from exports. Those reserves are used year after year to cover needs like debt payments, imports, and so on. Part of the future income to be obtained by Petroven from exports is being used to pay this debt. Anyone acquiring one of these certificates will be guaranteed future income in dollars.

[Pena] An income that will come primarily from oil exports.

[Corrales] From any foreign exchange income received by Venezuela, and oil exports are our main source of income. There is no other way. If we want to lessen the cost that the financial crisis has created for the country, there is no choice but to depend on future income.

[Pena] In addition to that dollar operation [words indistinct] in dollars, would it be possible to increase bank reserves to restrict their liquidity?

[Corrales] There is a problem. In any event, in handling the monetary market and relations with banks, the intention, which we now confirm, has been strengthening the Central Bank, so that it can handle the situation. We must be very careful when dealing with the possible liquidity or lack of liquidity of banks at this time. Therefore, these documents are intended for a secondary market, in order not to create liquidity problems in banks, but to help them. A decision by the executive branch to impose or demand restrictions on bank reserves, which should really be handled by the Central Bank, instead of helping, will limit the Central Bank's autonomy.

[Pena] Another important issue, minister, is related to social security benefits, which the government has avoided by creating a technical commission. I am surprised that the government seems to have washed its hands of this by appointing a technical commission. You were elected—President Caldera was elected—to govern, which supposedly means that if the government has this problem in its hands, it should make a proposal. It should seek dialogue and consensus, present its proposal on social security benefits. Does the government have a proposal on this issue to be discussed by that commission?

[Corrales] To the contrary, I believe that instead of avoiding the problem, the government has assumed it. The subject of social security benefits has been on the table for at least four years. The problem is that it has been extended too long, drawing out the confrontation between management and workers, who speak on two

different wavelengths. Our decision was widely discussed with the management sector—FEDECAMARAS [Federation of Associations of Chamber of Commerce and Industry], Conindustria [Venezuelan Council of Industry]—and with the workers—CTV [Confederation of Venezuelan Workers, CODESA [Committee of Autonomous Unions]—and was supported by the majority of them. We decided to create a technical commission, not a tripartite commission that would meet again without reaching any agreement. This commission was entrusted with presenting several options, at least two.

[Pena] What is the government's proposal?

[Corrales] The government has several options. I am not avoiding the issue. The government's position is this: the problems of social security, benefits, and retirement funds should be solved simultaneously, as should the subject of workers eventually receiving better salaries and increasing their productivity.

No country can achieve increased productivity, which is necessary to again take the road toward development, unless the workers have real expectations regarding an increase in real wages, and this includes social benefits. Social benefits are lacking in Venezuela. Real wages have been dropping for 17 years. Moreover, there are no retirement funds available in Venezuela. The only thing workers currently have in their hands is this system of benefits, which is actually overburdened [dobleindexa], but it is the only thing available for them to fill three voids. In turn, unless these three voids are resolved simultaneously, the government will have to fill the holes. Far from ignoring the problem, the government has assumed this responsibility.

[Pena] My argument is that every time a commission is appointed in Venezuela, nothing happens. This is the Venezuelan history of which you and I are aware.

[Corrales] In this case, frankly speaking, what the president has proposed is to allow us to tackle the problem and find a solution. The fact is that this is a technical commission, not a negotiating commission. Indeed, we are already familiar with tripartite commissions. Also, as Dr. Sosa mentioned at the Central Bank ceremony, this commission is expected to produce a solution before the end of 1994. This solution will be supported by sound economics, and, therefore, these proposals will offer true solutions.

[Pena] As for the gasoline issue, your plan deals with this on several pages. At some point, there is specific mention of fuel prices being pegged to opportunity costs. I asked Petroven for official information on opportunity costs. According to the letter sent by Petroven, opportunity costs refer to export fuel prices without including Venezuelan taxes in Venezuelan ports, as well as without including freight and taxes charged by the importing country. According to this Petroven information, high-octane gasoline costs 24.4 bolívares, while standard gasoline costs a little over 23 bolívares. These are the

opportunity costs. If we go by this report, those were the gasoline prices. I have received, however, information from other governmental sources that do not actually cite opportunity costs but, instead, list somewhat lower prices—21 bolívares for high-octane and 15 bolívares for low. These are the limits. What I want to know is this: Why must we wait until December to implement this if I have seen so much support for this decision, which politicians have deliberately declared taboo.

After all, Venezuelan gasoline is being given away at two cents on the dollar. In the United States it costs 72 cents on the dollar, and here it costs two. In Colombia, across from the Venezuelan customs office, which is no more than 10 meters away from Venezuela, contraband gasoline purchased in Venezuela at five bolívares is sold for 43. I am not saying we should pay the gasoline prices that Europeans, Japanese, or Americans pay, but I do believe we should at least pay production costs. No company can survive if it sells below production costs.

[Corrales] Certain groups have criticized the program, saying that we tiptoed around this. As I told you earlier [words indistinct] expectations, we really have not circumvented the program, nor have we circumvented the gasoline issue.

In terms of gasoline, we are aware—and, again, this is stated in the document—that a solution is being drawn up because domestic prices must be adjusted, and this solution must cover many issues. We must try to have the transportation fleet use some other type of fuel in order to generate a considerable amount of gasoline for export, which can, in fact, be sold at the prices you have mentioned.

The process of converting the fleet is under way, but because the fleet will have to undergo mechanical changes, the fleet will need to be subsidized to enable public transportation drivers to continue buying gasoline at current prices while their equipment is undergoing reconversion. This process will prevent rate shock in terms of transportation costs, because we do not want to subject commuters to this. This process must be carried out to perfection, because the government wants to preclude real or subjective grounds for rate shock or an explosion that will hurt the poorest sectors.

Meanwhile, as you know, we are thinking of extending the 100-bolívares daily transportation subsidy to people who earn six basic salaries, or those who earn up to 90,000 bolívares. When we are certain the system is ready to go, once we have completed an information program which should begin shortly, the conditions will be right to adjust gasoline prices and to initiate the subsidized conversion program. Therefore, we are not circumventing the issue, but the final decision must be made by top government authorities.

[Pena] Agreed. However, a price of 15 bolívares on the low end and 21 bolívares on the high end....

[Corrales, interrupting] You have a lot of information, Alfredo. [laughs]

[Pena] The price of 15 on the low end and 21 on the high end, which are the prices you have agreed upon, will have to be established this year, because by next year, according to your plan, that income will be earmarked as revenues available to Venezuela.

[Corrales] In the draft budget bill before Congress—a draft we in fact decided to revise, because it has to be revised to make all of the adjustments required to meet our commitments—this bill explicitly notes that the adjustment in the price of fuel will increase revenues. Nevertheless, to speak of 15, 18, 21, or 24 bolivares, as well as at what time this should be done, these are the kinds of adjustments that must be determined.

There are at least three mechanisms we can combine to get the 1.1 percent budget surplus we have projected for 1994. In reality you must surely know—in fact, it was stated in that letter with the information you obtained—that there are production costs and opportunity prices. These are the prices Venezuela uses for exporting. Production costs, however, are much lower. The decision on the amount of revenue to be used still has to be defined. We are talking with Petroven and the MTC [Transportation and Communications Ministry], because the gross revenue obtained from these adjustments will be used to finance the subsidy, which I already mentioned. We will use a significant part of that revenue.

I do not know if you are winding this up, but I do not want to waste this opportunity to give recognition, as I did publicly the day of the news conference, to my dear friend Asdrubal Batista. Asdrubal did not participate in this team that prepared and coordinated the program, but his economic thinking is the basis of the program. I want to make this recognition public: Asdrubal's thinking is the basis of the program. If anyone should take credit for the economic adjustment, it is Asdrubal.

[Pena] Thank you, Mr. Minister Werner Corrales, for your information.

#### **Government Commits \$400 Million for Private Debt**

PA2109201094 Caracas Union Radio Network in Spanish 1100 GMT 20 Sep 94

[From the "Union Radio News" newscast]

[Text] It has been reported that \$400 million have been earmarked to pay the private debt. In addition, the Finance Ministry has finalized regulations recognizing the commitments of businessmen abroad.

#### **BCV Director Wants Resolution of Interest Rates**

PA2109201194 Caracas Union Radio Network in Spanish 1100 GMT 20 Sep 94

[Report by Zayda Pereira from the "Union Radio News" newscast]

[Text] The Central Bank of Venezuela [BCV] must soon resolve the issue of interest rates, BCV General Director Domingo Maza Zavala has said. Maza Zavala said that the banks are the only ones who have speculated with the

rates, but the discrepancy between assets and liabilities—currently at 30 points—has been established only by the banks, which are awarding between 10 and 12 percent interest for savings while charging 48 percent for loans. This is a cause for concern.

[Begin recording] [Maza Zavala] It is cause for concern because [words indistinct]. The banks are concerned, and naturally the BCV is concerned. There is need for a decision on the discrepancy between assets and liabilities.

[Pereira] Would banks in the financing system be (?threatened) by this decision?

[Maza Zavala] I do not think so. To the contrary, I think this would contribute to normalizing the banks. [end recording]

Nonetheless, Maza Zavala explained that a decision has not been made, and the best thing would be for this to be done with the participation of the banks, who have already suggested some (?options).

#### **Democratic Action Party Plans Restructuring**

PA2109202894 Caracas Union Radio Network in Spanish 1100 GMT 20 Sep 94

[From the "Union Radio News" newscast]

[Text] Within two months, the Democratic Action Party [AD] will be restructured throughout the country. To this end, AD's National Executive Committee [CEN] has appointed a restructuring commission chaired by Jose Rubin. AD's leadership also appointed Nelson Lara as organizational secretary for Caracas. The restructuring will be done throughout the country and will conclude within two months, according to CEN spokesman Aristides Hospedales.

[Begin Hospedales recording] It was decided to restructure the Tachira executive committee, where Orlando Carrero was confirmed as secretary general. Heriberto Manrique was appointed secretary of organization. Other changes were made in Miranda's executive committee. (?Lewis) Perez, as national organization secretary, was entrusted with making weekly reports on this. [end recording]

AD's restructuring commission has 30 days to consult all sectors of the party and present a report to the CEN.

Next Monday the party will discuss AD's stand on the financial emergency law being discussed in Congress.

#### **Hugo Chavez Comments on Political Goals**

PA2109043894 Panama City LA PRENSA in Spanish 19 Sep 94 p 6A

[Report on interview with Hugo Chavez, leader of Venezuela's 200 Revolutionary Bolivarian Movement, by Herasto Reyes in Panama City on 17 September]

[Text] Hugo Chavez speaks colloquially, employing imagery, allusions, and explanations chock-full of

nationalism, convinced of the military's active role in Latin America's political life.

The former Venezuelan military and political leader believes he is in the "eye of the Bolivarian hurricane"—a storm that gained strength following attempted coups against former Venezuelan President Carlos Andres Perez in 1992. Chavez, 40, talks about collective leadership by "removing ego from leadership"; this is why he believes his ideal "must be raised to the level of a collective commitment."

When he speaks, he quotes Simon Bolivar and his teacher Simon Rodriguez; Italian philosopher Antonio Gramsci; Panamanian General Omar Torrijos; Venezuelan singer Ali Primera; the Bible; and even Vladimir Lenin, the leader of the Russian revolution.

He denounces the United States—an empire he sees confronting "our America, that of Bolivar and Jose Marti." He does not commit himself to the left or the right. His commitment, he contends, is to Latin American integration and the fight against poverty: "We organized a movement which is a Bolivarian hurricane." He speaks of "a new political, economic, and social model, as well as a new way of life for 21st century Venezuela."

#### **Dressed in Civilian Garb With Military Spirit**

Hugo Chavez is the military leader who was taken by surprise by the so-called "Caracazo"—the people's rebellion that confronted Carlos Andres Perez during the first days of this second term in February 1989. Later, on 4 February 1992, Chavez led a movement that sought to oust Carlos Andres Perez. He was jailed, and from the Metropolitan Penitentiary he broadcast a televised message when a new coup was attempted on 27 November 1992. Following elections and Rafael Caldera's assumption of the Venezuelan presidency, Chavez was discharged from the Army and released.

In 1982, as a career officer serving in the Venezuelan Army, Chavez, along with a group of Army captains, organized a movement they called the Bolivarian Army. This political organization operated within the legal framework governing the military institution: "We even had bulletins that circulated among the troops." The group allowed its leaders to study university careers. Chavez, for example, studied political science.

The Caracazo not only surprised Chavez, but it also surprised his entire movement, leaving it nonplused, according to how Chavez now sees it. Along with all other Army personnel, the members of this group participated in the violent repression against the poor of Caracas who, on that occasion, came down from the poverty-stricken hills surrounding the city to stage protests along the wide avenues of downtown Caracas.

Chavez continued with his project of organizing the 200 Revolutionary Bolivarian Movement (MBR-200) to actively participate in his nation's political life. He then fomented the people's dissatisfaction with Carlos Andres

Perez's "genocidal and tyrannical" government—a government which many considered corrupt—by taking up arms at the beginning of 1992 to remove the mask of the so-called "secure Venezuelan democracy."

Carlos Andres Perez's downfall came following his trial by the Supreme Court of Justice. According to Chavez, "the system released pressure, the elections took place, and Rafael Caldera rose to power thanks to these events, because Caldera up until that time was dead as a politician. On 4 February, he arose from the dead. He is now president, and the whole nation is waiting to see what will happen."

Nowadays, Hugo Chavez dresses as a civilian, but he maintains his military spirit. He is organizing the MBR-200 on a nationwide level, garrison by garrison, neighborhood by neighborhood, town by town, university by university, hamlet by hamlet, from metropolitan Caracas to the jungles in the Amazon. This "is a true Bolivarian hurricane," says the former military leader.

Hugo Chavez appears to be the political figure that could replace current President Caldera, whose government "after six months in office is totally worn out."

This is why Chavez has proposed a constituent assembly as a political solution to the crisis facing Venezuela. Nevertheless, if Caldera refuses to convene such an assembly, "we will fight for power, when the time comes."

#### **Venezuela, From Crisis to Crisis**

Hugo Chavez, now as a civilian after having been a lieutenant colonel in the Venezuelan Army, is getting ready to make known on an international level his plans and the plans of his movement. With this goal in mind, he has been in Panama since Friday 16 September.

"Venezuela is a nation undergoing a political, social, economic, and military catastrophe. It is going through a very difficult stage. This is a transition 'between the old that dies and the new that is born,' as Gramsci used to say. It is a stage of accommodation," according to the former military leader.

Chavez accuses Carlos Andres Perez's first government of being the mastermind of the moral crisis whose main symptom was widespread corruption.

According to Chavez, the economic crisis exploded during the so-called "Black Friday" in 1982, specifically because of the failure of the ongoing economic project.

Later in February 1989, this led to the political and social crisis with the Caracazo, "when the system lost legitimacy before the world," less than one month after Carlos Andres Perez's "lavish" second rise to power.

In the end, according to Chavez's analysis, a military crisis that had been brewing, when combined with the general crisis, resulted in the 4 February 1992 rebellion.

#### **200 Years of Ongoing Clashes With the United States**

In Panama, Chavez says, a dramatic, old conflict is festering just beneath the skin. Ever since the United

States asked Simon Bolivar, after independence in the last century, to eliminate the Liberating Army because Spain had withdrawn, because there was no need for an Army. [sentence as published].

This continues being discussed daily in all parts of Panama. This is a discussion that is on the table, even though 200 years of struggles, marches, and counter-marches have gone by—200 years in which the United States has always been present, specifically in Panama and in all of Latin America, “in some cases, with greater force, such as in Panama during the December 1989 invasion, or now, as is the case of the announced invasion of Haiti.”

#### **“We Military Men Are Not Eunuchs”**

When the foundations of his movement came up, Chavez asked: “Why the Venezuelan military, and of course, why in the Latin American arena? What do we do? In Venezuela, the guerrillas have ceased to exist. There are only some small groups left behind. In turn, we ask: What now? Why do we remain locked up in garrisons our whole lives while the nation is mired in a fast-breaking crisis?”

Corruption invaded the Venezuela Army with uncontrolled spending. Subsequently, “we continued forming our movement.” Carlos Andres Perez came to power in 1989, followed by the Caracazo. “We were used then to massacre our people. This is when we decided to get ready to take action, and not with the idea of staging a coup, which never was, is, nor shall be the idea of the military’s participation in the Latin American political and social scene.”

However, Chavez maintains: “The military men cannot be voiceless. They cannot be tied down or gagged, while the politicians steal state money and people starve. No, this cannot be. Bolivar clearly told us, in a kind of historical planning guide, that ‘the military must take up their shovels to defend social guarantees.’ In other words, we belong to society; we are not eunuchs. We can think and participate in the development of our people.”

He underscored: “Throughout Latin America, the political class has wanted to gag us and tie us down. It has wanted to use us to kill, control, and exploit our people, while it created seemingly democratic systems, and yet not very democratic systems in the cases of Venezuela and many other Latin American countries.”

#### **“We Are the Bolivarian Hurricane”**

As he responded to a question on the MBR-200’s political or ideological identity, Chavez pointed out: “We

brandish the Bolivarian ideology; is it a leftist or a rightist ideology? No, we cannot define it. I believe the issue of ideologies is so complex and general, we cannot confine it. We cannot classify it as a leftist or rightist geometrical form. Ideologies are so relative that we cannot classify them.

“We are acting in accordance with a revolutionary Bolivarian ideology, which is a transforming and progressive ideology, not a backward ideology. It is an ideology in terms of a vast organization we call the ‘Bolivarian Hurricane.’ In terms of this ideology, and in terms of a transforming and alternative project, it could include any social class and ethnic or religious group. It is a different economic model that would incorporate, for example, the oil industry into an economic diversification project whose priority is to produce what Venezuela consumes.”

#### **“They Will Not Be Able To Eliminate the Army”**

During the long interview the former Venezuelan military man, Hugo Chavez, current MBR-200 leader, granted to LA PRENSA on 17 September 1994, he spoke about the elimination of the Army in Panama. This is the transcription of Chavez’s words: “Here in Panama I have run into people who graduated with me from our military school, as well as some of my students. I had Panamanian students. By the way, it is good to say that there are Panamanian officers who graduated in Venezuela now working in Venezuela. They are military men, lieutenants, and captains who are commanding Venezuelan troops. It is an honor for us.

“Meanwhile, because Panama is contemplating the elimination of the Army, I must say—and I will continue to say this more firmly and clearly every day—that we truly love those boys. I will be happy the day they return to Panama to command their troops, Panamanian troops, Panamanian Army troops. They will not be able to eliminate the Army, because it is scattered around. This morning one lad came up to me and asked: ‘Are you Commander Chavez?’ I said yes, and he told me this: ‘Nice to meet you; I am Lieutenant So-and-So, and I own a little pig (hog) farm. I am a lieutenant though.’ He is a Panamanian soldier. The Army is scattered around taking care of pig farms, driving little cars, and drinking beer. The Panamanian Army is scattered around, without a uniform, but it does exist.

“This Panamanian Army is part of the Latin American Army founded by Simon Bolivar. These popular armies are scattered around, but they do exist.”

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